United States Court of Appeals

for the Second Circuit

APPELLANT'S APPENDIX

76-1340

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United States Court of Appeals

FOR THE SECOND CIRCUIT

Docket No. 76-1340

UNITED STATES OF AMERICA,

Appellee,

—v.—

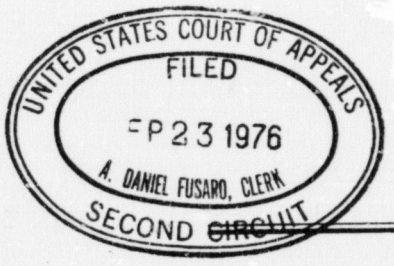
JAMES D. HANLON, COSTAS NASLAS, and PAUL KATRITSIS,

Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

APPELLANTS' APPENDIX

VOLUME III—Pages 1355a to 2050a



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UNITED STATES OF AMERICA

v.

JAMES D. HANLON, COSTAS NASLAS and PAUL KATRITSIS

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75 Cr 515

New York, New York
June 11, 1976 - 10:15 a.m.

- - -

(Trial resumed.)

(At the side bar.)

THE COURT: The Court has received a physician's note from Dr. Eugene Stevens, dated June 11, 1976, advising of an acute respiratory infection and chronic sinus condition of Juror No. 5, Mrs. Eva Victoria Anderson.

I have questioned the juror and to my observation, I have noticed that she is swathed with a jacket and apparently is uncomfortable in the air conditioned atmosphere. I have therefore consulted with counsel for the defendants and for the government and all parties have agreed that Ms. Anderson should be excused and replaced in the jury box by the first alternate juror.

Is that correct, Mr. Fleming?

MR. FLEMING: It is correct, your Honor, and I should add both Mr. Sprizzo and myself and Mr. Mansfield have spoken with each of the three defendants, Mr. Naslas, Mr.

Hanlon, and Mr. Katritsis, and they have no objection to the excusing of the juror for this reason.

THE COURT: In addition to which do they consent?

MR. FLEMING: Yes.

THE COURT: Does the government consent?

MR. FLEMING: Yes, your Honor.

THE COURT: Thank you.

(In open court.)

THE COURT: As an explanation to the jury, let me say Ms. Anderson is suffering from a bronchitis infection and the air conditioning is not doing her any good. Her physician has recommended that she be excused from further participation at the trial. Accordingly, I have consulted with counsel and all parties agree. That makes it necessary that the lady who is the first alternate juror, Mrs. Carroll--is that right -- Mrs. Carroll would be good enough to move forward to the seat vacated, number 5.

You have already been sworn as an alternate. The clerk will now swear you in as a juror and a member of the jury panel itself.

(Juror No. 5 sworn.)

J A M E S D. H A N L O N, resumed.

DIRECT EXAMINATION CONTINUED

BY MR. FLEMING:

Q Mr. Hanlon, did you ever purchase any stock in Tidal Marine Corporation?

A No, sir.

Q Going back to 1969, do you recall the first two ships that were purchased by Tidal Marine?

A Yes.

Q What were their names?

A The first one was the Sunny Lady and the second one was the Sunny Clipper.

Q Do you recall how they were -- where they were financed?

A National Bank of North America.

Q Did you attend the financing?

A I attended the closing.

Q I'm sorry, the closing.

Did you participate in the negotiations of that loan?

A No, I did not.

Q Between the purchase of those two ships, the Sunny Lady and the Sunny Clipper in 1969, and the fall of 1971, approximately how many additional vessels did Tidal Marine

purchase?

A I believe it was about 35.

Q Did you represent Tidal Marine in connection with any of the closings on the purchase of those vessels?

A Yes, sir, I did.

Q Can you recall approximately how many?

A Possibly 30.

Q Did you also represent Tidal Marine at closings which are called refinancing wtih regard to some of those ships?

A Yes, I did.

Q About how many of those?

A 8 or 10, something like that.

Q Am I correct a closing is when a loan is signed up?

A That is correct, and the funds are exchanged from the lending bank to the borrower.

Q In connection with any one of these loan transactions, did you personally participate in any of the negotiations between the borrower and the lender?

A No, sir.

Q In connection with tnese loans, when, as a matter of practice, did you hear of the loan?

A After the Loan Committee had approved the loan

and so notified the borrower.

Q And from whom would you hear about the loan?

A Mr. Amanatides.

Q When did you open your file on these loans?

A As soon as I would be advised that the loan had been negotiated and there would be a closing taking place within a week or two weeks or what have you.

Q During the course of the time from 1969, the Sunny Clipper and Sunny Lady, to 1972, is that essentially what happened?

A Yes, it was.

Q Do you recall the purchase by Tidal Marine of the Neptune Dedone?

A Yes, I do.

Q When was that, to your recollection?

A Either in November or December 1970.

Q Did you attend the closing of that financing?

A Yes, I did.

Q How about the Stolt Edna?

A I attended the closing with respect to that vessel, which was in March. I believe March 17, 1970.

Q Do you remember the vessels Nimar, Delfini and Delas, something of that sort?

A The Delfini I recall was in about April. That

particular situation had developed a little earlier because before she was purchased she was time chartered for a period of approximately three months; and the Nimar I believe was originally financed in London, I believe with the First National City Bank. And I acted in conjunction with the British counsel.

Q Where were you?

A I was here in New York.

Q The Davros, Aris, Triena?

A I believe those three vessels were also financed in London and I acted in conjunction with British counsel in preparing corporate resolutions, corporate documents that would be required at the closing.

Q Where were you?

A Here in New York.

Q Do you recall when about the Davros, Ionic and Aris were required?

A The Aris I think during the summer of 1970, and the Triena I believe was July or August of 1970 and the Davros I believe was possibly a little earlier, maybe April or May 1970.

Q How about the Ionic King? Do you recall that vessel?

A Yes, I recall that vessel. That vessel was

financed in London, I believe, with the First National Bank of Boston in November or December of 1970 and again, I believe I acted in conjunction with British counsel.

Q Where were you?

A New York.

Q The Tigres, do you recall a vessel by that name?

A Yes, I do. It was purchased and financed in London in, I believe, November of 1970. I happened to be in London at the time, but I returned to New York and I believe that the services I performed with repsect to that financing, I performed here in New York when I came back.

Q Staying in 1970, do you remember a ship, which was originally called the Petrolasa?

A Yes, I do.

Q Can you tell us when you first heard of it, from whom, and what you heard?

A Yes.

My law partner, Mr. John R. Sheneman, told me that his client, Mr. Huerta, was aware of the offering of a Venezuelan ship, and apparently Mr. Huerta had sole representation with respect to selling this ship. And he requested Mr. Sheneman's assistance.

Q I'm sorry?

A He requested Mr. Sheneman's assistance.

Q Did you have a conversation with Mr. Sheneman? about this?

A Yes.

Q When was this?

A I believe it was in September, 1970.

Q What do you recall about your conversation with Mr. Sheneman about finding purchasers?

A He believed the vessel was available, in good condition and that it was worth some where between 5,000,000 and 6,000,000 dollars. He had inquired of ship brokers here in New York and that was what they seemed to think the value of the ship was.

It is my understanding when he mentioned this to me, he was talking in terms of the purchasers wanting to sell the ship for 3-1/2 million dollars.

Q Was Sheneman able to raise the 3-1/2 million dollars himself?

A Well, no.

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Q What happened?

A Well, he asked me if I would contact Mr. Amanatides and see if he might not be interested in purchasing this tanker, and I did that.

Q Was he?

A Yes, he was.

Q What happened?

A He sent a ship surveyor, an expert on ships to Venezuela to inspect the ship to see what condition it was in, and he reported back that it was found to be in fairly good condition and he would be interested in buying it.

Q Who had the rights to the ship, to purchase the ship?

A A corporation called West Shore Tanker Corporation

Q Whose corporation was that?

A I believe it was Mr. Sheneman's.

Q Did West Shore agree to sell its rights to Tidal Marine?

A Yes, they did.

Q To what subsidiary, do you recall?

A Deneb Navigation Corporation.

Q What was the agreement?

A The agreement was that West Shore Tanker

Company Limited and Kowloon Tankship Company --

Q What was Kowloon?

A It was a Liberian corporation.

Q Whose was it?

A I formed it.

Q All right.

A And a corporation belonging to Captain Huerta, I forget the name of that particular corporation, would receive a total of $750,000 and it would be divided $100,000 to Captain Huerta's company, and $325,000 each to West Shore and Kowloon.

Q Of course the owners of the ship, the owners from whom the ship was being purchased would receive some money. Do you recall who that was?

A Well, they borrowed.

Q I am talking about the original owners.

A Oh, absolutely, yes.

Q What were they to receive, do you recall?

A Yes. The original price agreed upon was 3,500,000. As is customary in ship's sales when the vessel is actually delivered, there are usually minor adjustments to the price, either to go up or down, depending on how much fuel is aboard the ship, how much stores aboard the ship, and if indeed there are some repairs that

according to the contract should be performed by the seller. Rather than performing these repairs, he would prefer to deduct the cost thereof and just transfer the ship.

Q Did West Shore Tankers assign its rights to purchase the ship for three and a half million dollars to Deneb?

A Yes, they did. They nominated Deneb to receive title to the ship.

Q Was that ship financed, to your knowledge?

A Yes, it was.

Q By Deneb?

A Yes.

Q Do you recall what bank?

A It was the Bank of America in London.

Q Did you attend the closing?

A Yes, I did.

Q Were you in London?

A No. The closing took place here in New York.

Q Were you familiar with a credit, a line of credit agreement that Tidal Marine had with the Bank of America in London?

A No, I was not familiar with that.

Q Were you familiar with any restrictions on what amounts the Bank of America, London could loan the

Tidal Marine on any particular ship?

A No, I was not familiar with that.

Q Are you familiar with the charge in this indictmen that you and Amanatides and Livas conspired to misrepresent to the Bank of America in London that the purchase price of this vessel was 5.5 million?

A I'm aware of the charge, yes, sir.

Q Did you so conspire?

A I did not.

Q Do you remember Mr. Bustard who testified here?

A Yes, I do.

Q Did you ever tell Mr. Bustard that the purchase price of the vessel was five and a half million?

A I did not.

Q Did anyone ever tell you that that kind of representation had been made to Mr. Bustard?

A No, sir.

Q Did you make such a representation or know of such a representation by anyone else?

A No, sir.

Q Was the four million dollar financing closed?

A Yes, it was.

Q What happened to the funds?

A The closing took place in New York in the Bank

of America's representatives delivered three checks, one payable to the original sellers in Venezuela in the amount of 3,035,000, I believe.

Q You say the Bank of America representatives. Were they lawyers or bankers?

A They were represented by lawyers and they also had bank officers.

Q The Bank of America actually prepared a check payable to the seller of the vessel in the amount of three million some odd dollars?

A That's true. In addition to that check there was also a check for $750,000 payable to Kowloon Tankship, and finally there was a third check of $2,015,000--

Q Two million?

A $215,000, payable to Victory Development Corp.

Q What was Victory Development Corp., to your knowledge?

A It was a corporation that had been formed by our office. I believe Mr. Sheneman had formed it but it was not being used, and it was ultimately taken over by Harry Amanatides.

Q Had Amanatides or Tidal made the down payment on the Petrolasa?

A Yes, a 10 percent down payment was required at

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the time of the signing of the memorandum of agreement to purchase the vessel and that was, I believe, around October 15, 1970.

Q The $750,000 check was made payable to what or to whom?

A Kowloon Tankship Company Limited.

Q And that was your company?

A Yes, that was the company I formed.

Q What happened to that $750,000?

A Mr. Sheneman had arranged with the manager of the Irving Trust Company in London to open accounts at the Irving Trust Company in London in the name of West Shore Tankers and also in the name of Kowloon Tankship.

Q West Shore was his company?

A I believe it was. He also made arrangements to deliver the check to one of the vice presidents of the International Division of Irving Trust Company here in New York, for him to have it deposited in London and that was done.

Q The $750,000 go to Kowloon?

A The $750,000 initially went to Kowloon and then subsequently, $425,000 went to West Shore Tarkers with the understanding that $100,000 of that was going to be deposited as instructed by Captain Huerta.

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Q So $325,000 remained in Kowloon; is that it?

A That's true, yes.

Q And that's your recollection of the transaction?

A Yes.

Q Did you commit any fraud in connection with that transaction?

A No, sir.

Q Did you make any misrepresentations to the bank?

A No, sir.

Q Submit any phony charters?

A No, sir.

Q Pay any bankers?

A No, sir.

Q The Ilion, Harilion, Krilion and Marilion, do you remember the financings of those ships?

A Yes, I do.

Q Who was the borrower there?

A The borrower was the owning corporations of the four ships. The corporations had the same names as the ships.

Q Who owned the owning corporation?

A I understood that they were owned by Mr. Livas and also by Mr. Papageorgio and I understood that Harry Amanatides had some interest in it.

Q Did you negotiate those loans?

A I did not.

Q Or participate in the negotiation of the loans?

A No, I did not.

Q Where were those vessels financed?

A With the National Bank of North America in New York.

Q Did you attend the closings on those vessels?

A Yes, I did.

Q How many were there?

A Well, there were four vessels and there were three closings.

The first closing involved two ships and then the two subsequent closings involved one ship each.

Q Go ahead. Tell us about the first closing, which were the ships, your recollection of them.

A On December 29, 1970, I was advised by Mr. Amanatides that these ships were going to be financed by the National Bank of North America and that Mr. Paul Friedman would be the attorney for the bank and I should contact him with respect to arranging for the closing.

Q Is that the Mr. Friedman from Cole & Deitz?

A Yes, it is.

Q Who testified here?

A That's correct.

Q Okay.

A So I did that. We had the first closing of the Krilion and Harilion on January 22, 1971.

Q Did you know at that time the charters on those two vessels?

A I was advised. In the early part of January I received a copy of a telex that had been sent from London, I believe, to the bank stating that the charterer would be Blue Funnel Line and Mitsui.

Q That's two separate companies?

A Two separate companies.

Q All right.

What about the other two vessels, in the Marilion, Ilion group?

A I believe that when I attended the closing on each of those vessels, I was advised at that time or possibly at home from Mr. Friedman that the charterers were going to be Japan Line on the Marilion, I believe, and Unimar on the Ilion.

Q In connection with those four vessels, did you pay any bank officers?

A No, sir.

Q Did you submit any false documents?

A No, sir, not to my knowledge.

Q Did you have any suspicion with regard to any of the charters?

A No, I did not.

Q Any fraud?

A No, sir.

Q When did these last two Ilion, Marilion ships close?

A The latter two, the Ilion and the Marilion, closed in February, about mid-February of 1971.

Q Did there come a time after that when you took a trip to Europe and to Greece?

A Yes, sir, the end of February I went to London and then along with Mr. Amanatides I went to Greece for four days, I believe, February 28th to March 3rd.

Q February 28th to March 3rd?

A I believe those were the dates, yes. Then we came back to London and then I made a short trip with him to Rotterdam and then we returned to London and I returned here to New York.

Q All right.

I direct your attention to the four days that you were in Greece. During those four days did you meet a man named Karageorgis?

A I did, sir, yes.

Q What was his name?

A I don't recall his first name, but his last name was Karageorgis.

Q What was his business?

A He was a ship owner and operator and I believe he was in many other businesses besides.

Q How did you come to meet him?

A I was invited to have lunch with him at his dining room connected with his offices.

Q Who invited you? Did he invite you?

A Well, it was transmitted to me by Mr. Amanatides who said, "I'm going to have lunch today with Mr. Karageorgis and I would like you to come along with me."

Q Did you have any conversations while you were in Greece with Amanatides about the purchase by Tidal of vessels from Karageorgis?

A Yes. I believe when he told me about the lunch, he said that he had signed an agreement to purchase four tankers from Mr. Karageorgis.

Q All right.

Did you prepare the memorandum of agreement to purchase those four vessels?

A No, I did not.

Q Were you familiar with its detail or its terms?

A No.

Q Did you know at that time or were you told what charters were on those vessels?

A No.

Q Those four vessels, did Tidal finance the purchase of those four vessels?

A Yes, they did.

Q All right.

What did their names become?

A They became the Tropis, the Tekton, the Tachys and the Tici, I believe.

Q The Tropis; is that right?

A I think I'm wrong. I think it was the Techni, the Tropis, the Tekton, the Tachys, and I don't see the fourth one on that chart.

Q All right.

This chart represents that the Tropis and the Tekton and I guess the Tachys were all financed, that is the purchase from Karageorgis was financed at Bank of America; is that your recollection?

A My recollection is the same as that chart shows, yes.

Q Bank of America in New York or in London?

A London.

Q By the way, did you participate in negotiation of the purchase of these vessels from Karageorgis?

A No, that had been accomplished prior to my going to Greece.

Q Did you have any participation in negotiation of the loans to purchase the vessels?

A Not in negotiating the loans, no.

Q Did you attend the closings?

A I believe they occurred in London, but that I assisted British counsel with respect to those loans.

Q Where were you? Were you in London?

A No, I was here in New York.

Q Here in New York?

A Yes.

Q Why don't you explain that? You got a closing in London and you're in New York, and you said that happened on certainly more than one or two occasions.

What was your capacity or what did you have to do as attorney?

A I would prepare corporate resolutions and similar corporate documents that the British solicitor would require.

Q Am I correct that a single corporation would

take ownership of each one of these vessels?

A Yes.

Q Did you form those corporations for Tidal Marine?

A Yes, I did.

Q Did you have a particular way of naming the Tidal Marine ship owning subsidiaries?

A Yes. The first two corporations to take title to the ships were the Sunny Lady and the Sunny Clipper. They were formed by another attorney and they were called Global Seas Corp. and Global Delta Corp.

After that I believe the next two ships were put into corporations that Mr. Amanatides provided me the name for. I think one was Valiant Navigation Corp. and the other was Galaxy Navigation Corp.

After that he indicated that he would be forming a lot of corporations because he was interested in increasing the size of Tidal Marine fleet, so he said, you know, we need a lot of names.

I thought the easiest way to come up with names and present some logic and continuity would be to name them astronomical bodies such as Ryan or Pisces, signs of the zodiac, and after using most of those 12 -- I think some other companies had used one or two of them -- I switched to using navigational stars, which are the bright

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stars in the heavens.

Q You talked about corporate resolution.

You would have a corporation which was going to take the ownership of a particular vessel; is that right?

A Yes.

Q It would be the borrowing corporation?

A Yes, sir.

Q And that would be a subsidiary of Tidal Marine or someone?

A It would be a subsidiary of Tidal Marine or possibly a subsidiary of a subsidiary.

Q Did officers have to be appointed to those corporations?

A Yes.

Q And then did corporate resolutions have to be prepared enabling that corporation or authorizing someone for that corporation to borrow the money?

A To borrow the money and sign the documents and do what was necessary.

Q Did you also have to have a corporate resolution of that sort at a closing?

A Yes.

Q Did that corporate resolution have on it the names of the officers of the corporation?

A Yes.

Q The name of the corporation?

A Yes.

Q And the authorization?

A Yes.

Q Going back to Greece, back to February 28th to March 2nd, did you meet Mark Scufalos?

A Yes, I did.

Q Had you known him before?

A No, that was the first time I met him, in Greece.

Q All right.

Did Mr. Amanatides talk to you about what he was attempting with regard to Mr. Scufalos?

A Yes. He told me he was negotiating to purchase the bulk of the Union Commercial ships, which Mr. Scufalos had an interest in.

Q All right.

While you were in Greece, did you attend a meeting at which the purchase of those ships was being negotiated?

A Yes, I did.

Q How many people were there?

A Several, many more than ordinarily. I would say probably eight or something of that. All the various persons who had ownership interests in these ships.

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Q What do you recall of their conversation, is anything?

A They all spoke in Greek so I didn't understand what they were talking about.

Q You don't recall much of it.

Did that deal close?

A Yes, it did.

Q Was a memorandum of agreement --

A They executed a memorandum of agreement, yes.

Q To your understanding, what were the terms of that memorandum of agreement?

A That Tidal Marine and its subsidiaries would purchase 12 ships based upon a part-cash payment and part-stock transfer.

Q What do you recall of the terms, the breakdown of the terms? Do you recall?

A Yes, I believe that on delivery of the ships the-- Union Commercial was to receive 43 percent of the agreed purchase price and that thereafter -- I believe it was 30 days thereafter, they would receive an additional 7 percent of the purchase price in cash and that one year from delivery they would receive 30 percent of the cash and the balance of 20 percent of the purchase price would be made up in Tidal Marine stock.

Q Do you recall 100,000 shares of Mr. Amanatides' own Tidal Marine stock being delivered in connection with that agreement?

A Yes, I do.

Q What do you recall about that?

A Well, I recall that when they had that meeting, I was told that the prospective sellers wanted some form of security to cover their 7 percent that was to be paid in 30 days, I believe.

Q 30 days delivery?

A Yes, sir.

Q All right.

A So that they wanted -- they wanted that stock to be security for their ultimate payment of that 7 percent.

Q Did you prepare a document in connection with the assignment of Amanatides' stock?

A Yes, I did.

Q Do you recall two vessels owned by Union Commercial or Scufalos, called the May and the June?

A Yes, I do.

Q Were those two of the vessels that were to be sold to Tidal?

A Yes, they were included in the 12 ships that were designated as the ones that would be sold to Tidal.

Q Do you recall anything about those two ships taking place, any conversation about those two ships taking place in Greece in March?

A Yes, I was told that there was going to be two different ships substituted for these two because at that time they were trading with the government of Cuba.

Q Who was trading with the government of Cuba?

A The May and the June and that therefore, they could not be financed by an American lending institution.

Q Could they be owned by an American corporation?

A I don't believe they can be owned by an American corporation either.

Q You say two vessels were going to be substituted?

A Yes.

Q You were told that?

A Yes.

Q And do you recall who was going to do it? Whose vessel?

A One of the ships was the Kyrilion that we spoke about before and was to be renamed Triton, I believe. The other ship was a ship called the Timi, but I don't know what ship that was.

Q A memorandum of agreement, does that pass ownership from the seller to the buyer?

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A No, it does not.

Q All right.

You got to pay first, is that right?

A Correct.

Q All right.

Was Tidal Marine successful in financing the purchase of those vessels, to your knowledge?

A Yes, they were.

Q All right.

Do you recall the testimony of Mr. Scufalos about arranging financing for three of those vessels at Williams & Glyn's Bank in London?

A Yes, I recall his testimony.

Q What do you recall knowing of that transaction at the time?

A At the time, I was requested to prepare the usual corporate documents with respect to the Capetan Pantelis.

Q What were those three ships?

A Well, Mr. Scufalos said it invovled the May, the June and the Capetan Pantelis.

Q You prepared the papers on the Capetan what?

A Pantelis.

I was requested to do that, but I went to London at about this time so I asked my partner, John R. Sheneman,

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to prepare the documents and send them over to the British solicitor, who was handling the closing, and he did.

Q Did you attend the closing?

A No, I did not.

Q Did you or Mr. Sheneman prepare any papers in connection with the May and June financing at Williams & Glyn's?

A No, sir.

Q Do you recall any reason for that?

A Well, the Capetan Pantelis was going into a corporation that I had formed for Tidal Marine and the May and June did not go into another corporation, they stayed right in the same corporations that they had been in originally, May Shipping Corporation, and the June Shipping Corporation.

Q You were not asked to do anything in that connection?

A No.

Q Were two of the Scufalos ships financed at an organization called Farber?

A Yes, two of the ships were.

Q What was Farber?

A Farber was a factoring organization here in New York City.

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Q Did you participate in the negotiations of the borrowings from Farber?

A I did not participate in the negotiations for the borrowing, no.

Q Did you go to the closing?

A Yes, I went to the closing.

Q What were those two ships?

A I believe they were the Semira and the Maria K.

Q Were two of the ships purchased from Union Commercial financed by General Electric?

A Two of the ships were financed by the General Electric Pension Fund.

Q Pension Fund?

A Yes.

Q Did you negotiate those financings?

A I did not.

Q Or participate in those negotiations?

A I did not.

Q Attend the closing?

A Yes, I did.

Q Six of the ships were financed by National Bank of North America?

A That's correct.

Q Did you form corporations for the purchase of

those ships?

A Well, I had formed the corporations that did purchase the ships.

Q All right.

For whom did you form those corporations?

A For Tidal Marine.

Q What were the names of those corporations, if you can recall?

A Eltanin Navigation Corporation, Capella Navigation Corporation, Canopus Navigation Corporation, Bellatrix Navigation Corporation.

How many did I --

THE COURT: Four.

A (Continuing) There were two others.

Q Aldebaran?

A Aldebaran was one of them, yes.

Q Alkemar, something like that?

A That doesn't sound correct.

Q In any event, is there any question in your mind that the six corporations which participate as the borrowing corporations on the six-ship loan at Bank of North America were all corporations which you had formed for Tidal Marine?

A That is correct.

Q Am I correct that their names had something in

common?

A Yes, they were all named after navigational stars.

Q Were corporate resolutions prepared with regard to each one of those corporations authorizing the borrowing for the corporation?

A Yes.

Q Did the names of the officers of those corporations appear in those resolutions?

A Yes.

Q Were those people all connected with Tidal Marine

A Yes.

Q Were those documents all at the bank?

A Well, the closing took place at the office of the bank's attorneys.

Q All right.

Were those documents there?

A Yes, they were.

Q Did the bank's attorneys and the bank know the names of the companies they were loaning the money to?

A They had to, yes.

Q Did they know the names of the officers of those companies?

A Well, they were right there.

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Q Who were you representing?

A I was representing Tidal Marine.

Q Who told you to go to the closing?

A Mr. Amanatides.

Q Was Mr. Mark Scufalos at the closing?

A Yes.

Q Did he provide a guarantee?

A Yes.

Q Did he sign the guarantee at the closing?

A Yes, he did.

Q Who was representing the bank?

A Mr. Melvin Tublin, the firm of Poles, Tublin.

Q Did you know at that time that Mr. Tublin had acted on occasion as attorney for Scufalos or his firm had?

A Yes, I did.

Q Did Mark Scufalos ever tell you that he had told the bank that he was borrowing the money?

A No, sir.

Q Did he ever tell you that he had told the bank that he was borrowing the money to pay off his partners?

A No, sir.

Q As far as you were concerned, who of the borrowers were at the transaction?

A Those were the six corporations I had formed.

Q Who owned the corporation?

A Tidal Marine.

Q The officers of those corporations were connected with what major corporation?

A Tidal Marine.

Q And it was all there for the bank to see, was it not?

A Yes.

MR. GLEKEL: Objection, your Honor. This is wholly improper.

THE COURT: Yes. Strike out the answer. The jury will disregard that statement.

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Q By the way, in or about this time, that is, August of 1971, do you recall receiving a telex from Michael Blonsky?

A Yes, I do.

(Defendant's Exhibit AA was marked for identification.)

Q Is that the telex?

A Yes, this is the telex.

MR. FLEMING: I offer it, your Honor.

MR. GLEKEL: No objection.

(Defendant's Exhibit AA was received in evidence.)

MR. FLEMING: May I read this, your Honor?

THE COURT: Yes.

(Mr. Fleming read to the jury from Defendant's Exhibit AA in evidence.)

Q Did you receive that telex?

A Yes, I did.

Q And did you inquire and ultimately incorporate the Liberian --

MR. GLEKEL: Objection to form.

THE COURT: Sustained.

Q What did you do?

A I contacted the Liberian Services and inquired as

to whether or not corporations with those names could be formed and I was advised yes, so I went ahead and asked them to form the corporations, which they did.

Q This was August of '71?

A Yes.

Q Did you give any thought in August, 1971, to the financing of the Marilion, Harilion, Kyrilion and Ilion?

A I did not.

Q In connection with this six dry cargo business, on the six-ship loan, did you know of any false charters submitted in connection with that?

A No, sir.

Q Did you know of any payoffs made in connection with that loan?

A No, sir.

Q Did you know Markella Delfos was over in London typing up charters?

A I did not.

Q Had the Trechon been the Petrolasa?

A The Petrolasa was renamed Trechon.

Q That was the one where Sheneman, Huerta and Hanlon had received $750,000 having found the vessel and sold.

A Kowloon, West Shore and the one remaining corporation.

Q Was that refinanced at the Bank of North America?

A Yes, it was.

Q When was that?

A It was in September of 1971.

Q Where had it been originally financed?

A Bank of America.

Q Did anyone in September 1971 or at any time at the bank, from the bank or representing the bank, ever tell you that the Bank of North America had imposed a lending limit on Amanatides and Tidal Marine?

A No, sir.

Q Did you negotiate, participate in negotiations of the Trechon refinancing?

A I did not.

Q How did you first hear of it?

A I received a call from Mr. Amanatides advising me that the Petrolasa, the Trechon, was going to satisfy the mortgage with the Bank of America and be refinanced with the National Bank of North America.

Q Were you asked to do anything?

A Yes. I was asked to represent the borrowing corporation and to contact Mr. Joseph Peter Flemming, who would be the attorney for the National Bank of North America.

Q Did you do so?

A Yes, I did.

Q Did you attend the closing?

A Yes, I did.

Q The Tropis and the Tekton, from whom had Tidal Marine purchased what was then named the Tropis and the Tekton?

A From corporations that were owned by Karageorgis.

Q I think you already testified that purchase was originally financed at the Bank of America in London?

A Yes.

Q Did there come a time when you were told that the Tropis and the Tekton are going to be refinanced?

A Yes, that they were going to satisfy the mortgage that was outstanding with the Bank of America and --

Q First, did there come a time when you heard of that?

A Yes.

Q First, when was that, approximately?

A It was in mid-December of 1971.

Q And from whom did you hear?

A Mr. Amanatides.

Q What did he tell you?

A He told me that these ships were going to be

financed, refinanced, at National Bank of North America.

Q Did he tell you how it was going to be or what to do ?

A Yes. He told me that the corporations that would be the owners of these two ships would be the Aries and the Pisces Navigation Corporations.

Q Were these corporations which you had formed for Tidal Marine?

A Yes, they were.

Q What corporations owned the Tropis and the Tekton before the refinancing?

A They were owned by Alkaid Navigation Corporation and Antares Navigation Corporation.

Q Were those corporations you had formed for Tidal Marine?

A Yes, they were.

Q Did Amanatides tell you why he wanted these ships transferred to two Tidal Marine subsidiaries, to two other Tidal Marine subsidiaries?

A No, he didn't.

Q Did you prepare papers in that connection?

A Yes, I did.

Q Did you go to the closing?

A Yes, I did.

Q Who was the attorney for the bank?

A Mr. Patrick Martin of the firm of Poles, Tublin.

Q Did you tell Mr. Martin then or at any time that you were representing Mr. Scufalos on that transaction?

A No, I didn't.

Q As a matter of fact, was Mr. Amanatides there at the bank that day?

A He was at the bank that day, but not at the closing, in the closing room itself.

Q In that connection, Mr. Martin made a request of you for additional security on the loan?

A Yes, he did.

T3B

Q What had he asked you to provide?

A He asked that there be a pledge of stock of the two owning corporations.

Q The borrowing corporation, the Aris and Pisces?

A That's correct.

Q Had you spoken with Mr. Amanatides about that

A Yes, I did.

Q What did he say, prior to the closing?

A Prior to the closing he told me that there would be no pledge of stock.

Q Did Mr. Martin have a conversation with you about that exact item at the closing?

A Yes, he did.

Q What did he say to you and what did you say to him and what happened thereafter?

A He asked me for the pledge of the stock as it was called for in the loan agreement. I told him that he wasn't going to get it because that's what I had been instructed. So, he left the closing room and went to consult with Mr. Metzger who was the loaning officer in this particular matter, and when he did that, I left the closing room also and I went down and saw Mr. Amanatides and I said, "We have a problem here, they want the pledge of stock."

Q Was Martin around when you were talking to Amanatides?

A Well, he was in the vicinity but I don't think he overheard me. He talked to Mr. Metzger and I talked to Mr. Amanatides. It wasn't a four-way conversation. We spoke to our individual principals.

Q Could he see you talking to Amanatides?

A Yes, he could see me.

Q What did you do after that about this?

A I waited for Mr. Martin to see what the determination was going to be, whether we were going to have to pledge the stock, have no closing or what position the bank was going to take.

Q What happened?

A Mr. Metzger said that he would waive the stock pledge. I believe it was actually Mr. Martin that told me after he conversed with Mr. Metzger.

Q How many corporations had you formed by Tidal Marine by this time, Mr. Hanlon?

A I suppose maybe 40, 50, something like that.

Q In December, 1971, did you have any recollection as to who owned the stock in the Aris or Pisces?

A No.

Q Did you have any conversation with Mr. Amanatides

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as to that?

A Yes, I did.

Q Tell us about that.

A I believe Mr. Martin asked me who would appear as owning the stock in these corporations in the interest equalization letters appendix.

Q What did you do?

A I asked Mr. Amanatides because Tidal had subsidiaries of subsidiaries. He told me that it would be United Commercial Shipping Company Limited, I believe.

Q This is Government's 40, and stamped Aris-Pisces closing file. A document marked 40-B. Do you recognize it?

A Yes, I do.

Q What is it?

A It's a standard interest equalization letter that appears at just about every closing.

Q On which one is there one, the Aris or the Pisces?

A This is the Aris.

THE COURT: What is the standard equalization letter?

THE WITNESS: It's a requirement stating that this corporation qualifies as being formed under a less developed country and, therefore, the corporation is

not subject to American taxes.

Q Who prepares these?

A The attorney for the bank prepares it.

Q I direct your attention to what is captioned "Schedule A." By the way, did Mr. Katritsis sign this?

A Yes, he did.

Q His signature is on the page before what is captioned "Schedule A"; is that correct?

A That's correct.

Q And Schedule A says "Stockholders other than foreign corporation" and that is blank, is that correct?

A That's correct.

Q And "foreign corporation"?

A That's correct.

Q Under the caption "foreign corporation" are the words "Union Commercial Co., nationality Liberian, period of ownership one year, shares, percent of shares, borrower corp., 100 percent."

A That's correct.

Q Do you have any recollection who wrote that or printed it?

A Well, I would assume --

THE COURT: Strike that out.

Q What is your best recollection?

A Either Mr. Martin or myself.

Q If Mr. Martin wrote it, how did he come to write it, to your recollection?

MR. GLEKEL: Objection, your Honor.

THE COURT: Sustained.

Q Did you tell Mr. Martin, after you spoke to Amanatides, did you tell Mr. Martin at Union Commercial Co.?

A Yes.

MR. GLEKEL: Objection, your Honor, as leading.

THE COURT: It's too late now.

Q I direct your attention to what has been marked 40-A. Is that the same kind of equalization letter on the Pisces?

A Yes, it is.

Q Is there a Schedule A to that?

A Yes, there is.

Q Does it also have printed on it "Union Commercial Shipping Co." as the foreign owner?

A The foreign owner of the stock, yes.

THE COURT: The stock of what?

THE WITNESS: Of Aris and Pisces. This one was Pisces.

Q On December 24, 1971, Mr. Hanlon, do you recall that back in 1970, the stock in Aris and Pisces had been

transferred to Galaxy?

A I don't recall that.

Q On your oath?

A I don't recall that.

Q In connection with the Tropis and Tekton, did you know anything about the charters submitted? Do you recall what they were?

A Do I recall --

I know now what they were.

Q You have no independent recollection?

A No.

Q Did you know anything at that time about the payments to bank officers?

A I did not.

Q Did you know anything about falsification of charters?

A I did not.

Q Did you know anything about Michael Blonsky practicing and writing the name Ashford, over in England?

A I did not.

Q Did you act in bad faith in connection with any of this transaction?

A I did not.

Q The Aris, what do you call that as being?

A The Aris was a sale to Mr. Michael Panayotopulos.

Q Did you attend that closing?

A I did.

Q How about the Tachys?

A That also was a sale to Mr. Michael Panayotopulos.

Q Did you attend that closing?

A Yes, I did.

Q Whom were you representing at that closing?

A I was representing the selling corporation.

Q Do you remember the name of that corporation?

A I don't recall the name of the selling corporation

Q Was it the Leo or --

A The Aris, I believe, was the Leo. I believe it was the Artures.

Q The Tachys, like the Tropis and Tekton was one of the vessels purchased from Karageorgis originally with a memorandum of agreement in February or March of 1971, is that correct?

A February, 1971, yes.

Q What did you understand the transaction to be?

A Michael Panayotopulos was going to buy the ship and finance the purchase of the ship with National Bank of North America.

Q Mr. Hanlon, I want to show you Government's

Exhibit 254. Is that your signature there?

A Yes, it is.

Q Do you recall writing the letter?

A Yes, I do.

Q To your knowledge, is there anything false in that letter at the time you wrote it?

A No.

Q Am I correct that this letter is the basis of the charges against you in this case in connection with the Tachys loan?

A That's correct.

Q This letter is dated February 7, 1972, to Mr. Michael A. Panayotopulos, Harbor Point, Sands Point, New York. "Dear Mr. Panayotopulos: We wish to confirm and certify to you that at no time whatsoever since the formation of Spartan Endeavor, to and including a date hereof, has said corporation conducted any meeting other than the first meeting of subscribers or any business, nor issued any stock nor received or paid any moneys or acquired or transferred any properties in any way whatsoever acted as a corporation or incurred any liability except for the negotiation and entering into of the time charter party dated November 20, 1971, with BP Tankers Company Limited."

Was that an accurate statement of fact as far as you knew?

A To the best of my knowledge, it was.

Q Upon what did you base the statement that the corporation had entered into a time charter party dated November 20, 1971, with BP Tankers Company Limited?

A I believe I was told at the closing BP were the charterers of the vessel and that was the date of the charter. Mr. Flemming provided me with the language he wanted in that letter and that's it.

Q Joseph Peter Flemming?

A That's correct.

Q Did you have any reason to believe that in fact there was no charter on the Tachys?

A No, sir.

Q Did you have any reason to believe that Livas and Amanatides and Blonsky and Delfos were fabricating charters in London?

A No, sir.

Q Did you commit any act of fraud or misrepresentation in connection with the Tachys?

A I did not.

Q Did you make any representation or tell any lies to the bank?

A No, sir.

Q You are also charged in this case in connection with the financing in connection with a loan, in connection with the vessel Tagma?

A That's correct.

T4A Q Was the Tagma a vessel owned by a subsidiary of Tidal Marine?

A No.

Q What was it?

A Well, it was originally owned by an Italian company.

Q All right.

From whom did you first hear of the financing in that connection?

A Mr. Amanatides.

Q What did he tell you?

A He told me I believe in mid-April that there would be a purchase of the Santa Isabella to be renamed Tagma and that the owning corporation would be Epidavros Shipping Company Limited, I believe.

Q Is that a corporation which you had formed?

A No, it's not.

Q Did Mr. Amanatides tell you who owned Epidavros?

A Yes, he did.

Q Who did he say owned Epidavros?

A Mark Scufalos.

Q Was a loan made for the purchase of the Tagma from this Italian company?

A Yes, in mid-June, I believe, a loan was made.

Q All right.

What bank financed that loan?

A The National Bank of North America.

Q What was the name of the borrowing corporation?

A Epidavros.

Q Where did that loan close. do you recall?

A The actual closing occurred in London, but there had been a pre-closing here in New York.

Q Were you in London?

A I was not.

Q Who represented the bank?

A The law firm of Poles, Tublin, Pastistides & Stratakis represented him. It started off with Mr. Stratakis representing the bank in this transaction and then subsequently Mr. Tublin took over and Mr. Georgiopoulos assisted Mr. Tublin.

Q At least in New York who represented the borrowing corporation, Epidavros?

A I did.

Q I want to show you Government's Exhibit 22. I will ask you if you recognize it as a letter which you wrote or dictated and signed?

A Yes, it is.

Q That's your signature at the back, at the end?

A Yes.

Q This letter is dated June 3, 1972, by Ann to Melvin V. Tublin, Esq., Brooklyn. It's re: The Santa Isabella.

That was the name of the Tagma before it was purchased by Epidavros; is that right?

A That's correct.

Q It says: "Dear Mel," and then it says, "I enclose certain matters," and then you make the statement or there is a statement in this letter, "On Monday we shall be able to provide you with a guarantee of Mark Scufalos who is and has been the sole stockholder of the corporation since its organization."

Did you dictate that statement?

A Yes, I did.

Q Was it true to the best of your knowledge?

A It certainly was.

Q By the way, Mr. Tublin, he was a fellow who represented Scufalos?

A Yes, he was.

Q Did you have any reason to believe that Mark Scufalos was the owner of Epidavros?

A No, sir.

MR. GLEKEL: Objection, your Honor.

THE COURT: No, I will let the answer stand.

A No, sir.

Q Mr. Hanlon, the Aquario, can you see that?

A Yes, I can.

Q When did what became the Aquario first come to your attention and how?

THE COURT: Would you identify for the record please the exhibit number of the chart.

MR. FLEMING: Yes, your Honor. I have just placed on the easel --

MR. MARMARO: It's marked on the rear.

MR. FLEMING: -- Exhibit 900-E.

THE COURT: Are both halfs of the chart the same exhibit number?

MR. GLEKEL: Yes, your Honor.

THE COURT: Are they both to be read as Exhibit 900-E?

MR. GLEKEL: Yes, your Honor.

MR. FLEMING: There's no other marking on the

other half, your Honor. That's a different chart.

THE COURT: Okay.

You were looking at sheet 1 of 2; is that right?

MR. FLEMING: That's correct, your Honor.

Q I believe my question was, Mr. Hanlon, about when and how did you first hear of the vessel which became the Aquario.

A In the spring of 1971 --

Q You tell me. Forget the chart if you can.

A In the spring of 1971 Mr. Sheneman told me that Huerta had received a letter of commitment from Shell Oil Company of Venezuela with respect to chartering a tanker approximately 17,000 tons to be used in the Caribbean trade for a period of three years.

Mr. Sheneman wanted to know if I knew of any ships that would be available to perform under this charter.

Q You go ahead. You explain this transaction to your best recollection.

A Well, Mr. Huerta actually wanted to purchase a tanker himself and operate it in this trade, and I was invited to meet with him at the home of Mr. Sheneman in Annapolis, Maryland, where he explained to me what this intended transaction concerned and wanted to know if I could assist him in any way with respect to purchasing

and, more importantly, financing a tanker.

He told me the details of this and how he considered the -- what he considered the economics to be, that a vessel could pay for itself.

Q Details of the charter?

A Yes. He looked around for a ship and for financing, but he was unsuccessful.

Q There is no question that you were familiar with the terms of the charter that Captain Huerta found?

A That's right.

Q No question?

A No question about that.

Q Go ahead.

A So he had difficulty finding a ship and financing, both.

So then it was suggested that possibly Mr. Amanatides would be interested in furnishing a ship to perform under this charter.

I contacted Mr. Amanatides and he said he would look and see what was available in the ship market to be purchased.

He subsequently advised me that he had found a ship that he thought would fill the requirements for this particular trade.

Q All right.

What did you do?

A Well, I advised Mr. Sheneman who in turn advised Captain Huerta and it was agreed that Mr. Sheneman and Mr. Huerta and myself would participate in a joint venture with respect to this charter party and the ship to be obtained for performance with Mr. Amanatides, based on a 50 percent division of the profits and ownership.

Q You've got four people there. How does the 50 percent work?

A Mr. Amanatides and whoever he might have involved with him would be 50 percent of the shares of the owning cosrporation, own 50 percent of the shares of the owning corporation, and Mr. Sheneman and Captain Huerta and myself would own the remaining 50 percent.

Q Did you decide at that time upon a name for this 50-50 organization?

A Yes. At the time Mr. Sheneman asked me to form a corporation we were down to his home on Chesapeake Bay and the wind was coming from the southeast. It was agreed that Southeast Tanker Company would be the name of the company that would be formed.

Q All right.

Did you tell Mr. Amanatides "Go ahead and buy the ship or contract for the ship"?

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A Yes. We were agreeable to going ahead on this basis, and he said he was agreeable too.

Q He would get the ship and you had the charter?

A We had the charter, yes.

Q IT would be a 50-50 split?

A That's correct.

Q All right.

Did you go to London?

A Yes, I went to London in July of 1971.

Q All right.

What did you find out when you got to London? What happened when you got to London?

A I found out that a memorandum of agreement to purchase the Thornhild had been executed.

Q By whom?

A By a company called Brent Shipping Company.

Q Did you make any cash deposits at that time?

A Yes. I transferred $79,500 from the account of Kowloon Tank Ship Company to an escrow account at the Hambros Bank in London in the joint names of the owners of the Thornhild and the prospective purchaser, Brent Shipping Company.

Q When you got to London, was that the first time you heard of Brent?

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A Yes, that was the first time I had heard of Brent.

Q Who told you about it?

A Mr. Amanatides.

Q Who told you to send the money into the Thornhild-Brent joint account?

A Mr. Amanatides.

Q Did the partnership then proceed?

A Yes, the partnership did proceed.

Q Did Brent sell the vessel to Southeast Tankers?

A Yes, theydid.

Q What was the purchase price represented to be?

A It was represented to be $1,300,000.

Q All right.

Was the ship and the charter then together?

A At the time they were being put together.

Q Did Southeast Tankers actually give Brent any money?

A The purchase of the vessel was financed at the First National Bank of Boston in London, and the money was-- a mortgage and loan of $780,000 was made.

Of that sum, I believe 715 -- or $20,000 was transferred to the owners of the Thornhild. I'm not certain whether it was transferred by the First National Bank of

Boston to Brent who in turn transferred it to the owners, or not. I did not participate in the actual transfer of the funds.

Q All right.

Did you file two bills of sale as indicated on that charter?

A Yes, I did.

Q One from Thornwall?

A I think that is Thornhild.

Q I'm sorry.

The vessel was what?

A It was renamed the Aquario when Southeast Tankers took over.

Q This one bill of sale, $795,000, that was from the other owner, either Thornhild or Thornwall?

A Yes.

Q To Brent?

A Yes.

Q The second is from Brent to Southeast Tankers, is that right?

A That's right.

THE COURT: We will take a short recess as this time.

(Recess.)

5A a.m.

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(In open court - jury present.)

Q Mr. Hanlon, Southeast Tankers, you or Kowloon owned a portion of --

A Kowloon.

Q And Mr. Sheneman's company?

A West Shore.

Q And Captain Huerta's company?

A It was a company Mr. Sheneman had formed for Mr. Huerta.

Q Those companies, they are 50 percent in Southeast.

A A total of 50 percent.

Q Had those three companies or the principals of those companies contributed money to Southeast?

A That's right.

Kowloon transferred $79,500 to the escrow account at the Hambros Bank with the original sellers of the ship and thereafter transferred $35,000 to the Bank of Boston for operating expenses that would be incurred in taking over the operations of the ship, and thereafter West Shore Tankers reimbursed Kowloon 50 percent of the original outlay, which totaled $115,000.

West Shore transferred $57,500.

Q $57,500 of West Shore money and $57,500 of Kowloon's money?

A That's right.

Q And did the three, West Shore, Kowloon and Captai Huerta's company contribute anything else to Southeast?

A No.

Q The charter?

A Oh, the charter, yes.

Q And Amanatides and whoever else was with him on the other 50 percent Southeast obtained the financing of the vessel?

A That's correct.

Q In your judgment, what was the charter worth as you knew the charter to be?

A About 800 or 900 thousand dollars.

Q Was the vessel financed?

A Yes, it was.

Q Where?

A At the First National Bank of Boston in London, England.

Q Was that with charter attached?

A Yes, it was.

Q Was a mortgage agreement prepared in connection with that?

A Yes, it was prepared in England, in London.

Q Did you know who prepared it?

A Yes. An attorney representing the bank, Mr. Steven Byrd.

Q Was Southeast Tanker the borrower?

A Southeast was the borrower, yes.

Q Did Southeast execute the mortgage?

A Yes.

Q Who signed on behalf of Southeast?

A I believe I did.

hph 1 Hanlon-direct

Q Did he tell you what the name of the ship was?

A The ship was the Thorhild.

T5B Q The actual mortgage agreement?

A I believe so, yes.

Q Do you know now that mortgage agreement states that 100 percent of Southeast Tankers was owned by Transoceanic?

A I know that now, yes.

Q Did you know it at the time you signed?

A I did not.

Q In fact, it was 50-50 Transoceanic and your side of the thing, the three of you, the three companies?

A That's right. I haven't seen the name Transoceanic appear in the stock record book of Southeast but it was the Transoceanic group and Transoceanic managed the ship.

Q Did there come a time when the Aquario was refinanced at Bank of North America?

A Yes.

Q And when and from whom did you first hear about that?

A I heard about it from Mr. Amanatides in the latter part of January, 1972.

Q What do you recall him telling you?

A That it was great difficulty operating the ship, having it perform under the charter party for mechanical reasons, and that it should be refinanced so that there be some capital, cash flow to effect the necessary repairs to have the ship perform under the charter, which was a good charter.

Q Was there a transfer of shares involved in that transaction, to your knowledge?

A Yes. The Southeast original stockholders of Southeast were replaced by Tidal Marine.

Q Did you act as counsel for anyone in connection with the refinancing of the Aquario?

A Yes, I did.

Q Who did you represent?

A I represented Tidal Marine at the closing.

Q In January, prior to the receipt of the information from Amanatides, do you know where the original charter of the Aquario was?

A Yes. I brought it to London back in July of 1971, when the Bank of Boston financed the purchase of the ship.

Q In connection with the refinancing of the Aquario at the Bank of North America, was it necessary to obtain the charter?

A Yes, it was.

Q And did you prepare anything for signature? Did you here, in the United States, prepare anything for signature in that connection?

A I prepared certain documents, yes.

Q I am talking about in connection with the charter itself.

A Yes, I believe I prepared a President's certificate, certifying the validity and enforceability of the charter

Q What did you do with that certificate after you prepared it?

A I gave it to Livas. I sent it to Livas.

Q You sent it to Mr. Livas?

A Right.

T6A

Q And did you receive it back?

A I did.

Q Was it executed by Livas?

A It was.

Q Was it attached to the charter?

A It was.

Q Did you read the charter?

A I did not.

Q Did you submit to the bank?

A I did.

Q Have you now seen the charter that was submitted to the bank?

A Yes, I have.

Q Am I correct that the term of the charter submitted to the bank was 42 months?

A That's correct.

Q All right.

Did you know back in January or February of 1972--were you familiar with the original charter?

A Yes, I was.

Q Were you familiar with the terms of the original charter?

A Yes, I was.

Q What was the term of that original charter,

gwh 2 Hanlon-direct

to your knowledge, at that time?

A It was two years and nine months.

Q It was not 42 months?

A It was not 42 months.

Q Mr. Hanlon, when you brought that charter with Livas' certification on it to the bank to require financing -- you were testifying under oath-- did you know that Livas, Blonsky or someone in London had raised the term of that charter to 42 months?

A No, I did not.

Q What happened to the $57,500 that Kowloon had put into Southeast Tankers?

A It was used up.

THE COURT: It was what?

THE WITNESS: It was used, your Honor.

Q Did you ever get it back?

A No.

Q Did you and Mr. Sheneman ever have a conversation with Mr. Amanatides about that?

A Yes, we did.

Q Do you recall when that was?

A It was some time after the refinancing with the National Bank of North America.

Q What was that conversation?

A We told him we wanted to get our original investment back, the ship was not ours any more, we had no more interest.

Q And he had your stock?

A Yes.

Q What did he say?

A He said that if he was successful in arranging for further investment in Tidal Marine which he had anticipated in connection with the Shearson Hammill transaction, that he would repay us.

Q Were you ever repaid?

A No, sir.

Q I want to show you Government's Exhibit 378, a complaint, Karageorgis against Tidal Marine International.

Did you come into possession of that complaint at some time?

A Yes, I did.

Q It is stamped as received or filed in the United States District Court here on July 20, 1972, at 4:47 P.M.

Did you prepare any answer?

A Yes, I did.

Q And that is 379?

A That's correct.

Q That was filed according to the stamp on

August 22, 1972; is that correct?

A That's correct.

Q Okay.

There's a memorandum of agreement attached to the complaint.

A Yes.

Q Did you read the entire memorandum of agreement at that time, if you recall?

A I don't believe I read the entire memorandum of agreement. It's rather blurred.

Q In any event, that was in August of 1972?

A That's correct.

Q Mr. Hanlon, you testified that you represented Tidal Marine in 40, 45 closings, financings?

A Yes, sir.

Q You have read the charges against you in this indictment?

A I have, yes, sir.

Q Am I correct that the charges are based upon the closings on the Harilion, Krilion, Ilion and Marilion?

A Yes, sir.

Q That's one closing.

And on the closing of the six ship loan at Bank of North America in August of '71?

A That's correct.

Q The closing of the Trechon, the original one with the Bank of North America in December, 1970?

A Yes.

Q And the Tropis and the Tekton refinancing on December 24, 1971?

A Yes.

Q The Tachys refinancing at NBNA on February 4, 1972?

A Yes.

Q And the Tagma transaction, June 16 1972?

A Yes.

Q Also on the refinancing of the Aquario at Bank of North America on February 11, 1972?

A Yes.

Q Those seven? I guess it's seven?

A I believe so, yes.

Q Was there, to your recollection or knowledge, anything materially different to you at the time of those seven closings from the other 35 closings which you participated in?

A No, sir.

Q At any time while you represented Tidal Marine Corporation did you hear or have any other personal

knowledge of payments to Spartalis or Metzger or Shevlin or any bank officer?

A No, I did not.

Q At any time while you represented Tidal Marine did you hear or have any personal knowledge of the submission of any false or raised or fictitious charters?

A No, sir.

Q Or the activities in London to which Delfos testified at this trial?

A No, sir.

Q I am not going to read these counts to you, Mr. Hanlon.

I take it you have read them?

A Many times.

Q How do you plead?

A Not guilty.

MR. FLEMING: I have nothing further.

CROSS EXAMINATION

BY MR. GLEKEL:

Q Mr. Hanlon, do you recall representing the borrowe on four loans totaling $2,200,000 for the purchase of the Ilion, Kyrilion, Marilion and Harilion?

A Yes, I do.

Q Isn't it a fact that it was represented to the National Bank of North America that these ships had been purchased for $2,700,000?

A I don't know what was represented to the bank as far as that purchase price was concerned.

Q What was the real purchase price of these ships?

A I don't know.

Q Mr. Hanlon, isn't it a fact that you billed Tidal Marine $2,750 in connection with work you performed on the purchase of each of these ships?

A With respect to the financing at the National Bank of North America.

Q That bill was $2,750, separate for each ship, is it not?

A I believe it was.

Q What was your hourly billing rate at that time?

A It would vary. It would depend on the complexity of the closing and how much time was involved. We didn't have a firm policy as to an absolute hourly billing rate.

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Q What was the range?

A Oh, I'd say $100 an hour.

Q That would mean that you spent approximately 27 hours working on the closings of each of these ships?

A It is somewheres around that amount of time, yes.

Q About 100 hours altogether on the total transaction?

A Maybe not quite 100 hours altogether. The other ones took longer than the later ones.

Q The purpose of this loan was to enable the borrowers to purchase the ships, is that correct?

A I'm not certain whether or not they had already purchased the ships or whether they were actually going to purchase them at that time.

Q Was the money the bank was lending supposed to be used to pay the people from whom the ships were purchased?

A I believe it was to either reimburse the borrowers for having paid the purchase price or possibly to go directly to the purchaser. I just don't recall.

Q You say during the time you spent working on these loans, you did not learn what the purchase price was?

A No, sir, I did not.

Q Who were the ships purchased from?

A I believe they were sold by an Indian corporation,

steamship company.

Q What was the name of that corporation?

A I don't recall.

Q Scindia Steam Navigation Corporation of Bombay? Does that refresh your recollection?

A Not really.

Q Mr. Hanlon, let me show you Government's Exhibits in evidence 420, 421, 419 and 418A which are memorandums of agreement dated October 19, 1970 providing for the purchase of these four ships from Scindia Steam Navigation Company, Ltd. of Bombay for purchase price that totals approximately $2,100,000 and let me ask you whether these documents refresh your recollection as to the purchase price of these ships or as to who they were purchased from.

THE COURT: What did you say that total was, 2 million what?

MR. GLEKEL: Approximately $2,100,000.

A It does not refresh my recollection as to what the total purchase price was.

Q Does it refresh your recollection as to who the ships were purchased from?

A I knew that they were -- that they had been owned by an Indian steamship company. I believe they were registered in India, but that's -- I just don't know who the

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actual -- what the actual company was, steamship company was, what the name of it was.

THE COURT: The actual what?

THE WITNESS: The actual name of the seller was.

Q Isn't it a fact, Mr. Hanlon, that you formed a corporation by the name of Scindia Navigation Steamship Corporation in the fall of 1970?

A That's correct.

Q And isn't it a fact that you formed that corporation for the purpose of assisting the misrepresentation of the purchase priceof these ships to the National Bank of North America?

A That is absolutely incorrect.

Q What business did Scindia Steamship Navigation Company that you formed do?

A Well, it was a Liberian corporation, and under the certificate of incorporation it was authorized to conduct steamship business.

Q Did it own any ships?

A I don't know.

Q Do you know any business that it ever conducted?

A No, I do not.

Q What were the chartering arrangements on the Ilion, Marilion, Kyrilion and Harilion?

A I don't understand what you mean by arrangements.

Q Who were the charterers of those ships as represented to the bank at the closing?

A With respect to the closing on January 22nd, for

the Kyrilion and the Harilion, the charterers were represented as Port Line/Blue Funnel, that's one name, and the other name was Mitsui O.S.K. Lines.

I believe with respect to the Ilion, it was Unimar Seetransport, and with respect to the Marilion, it was Japan Line, I believe.

Q Isn' t it a fact that at the time of the closing you knew that none of these charters were in existence?

A No, sir.

Q What kind of business was Unimar Seetransport Company in?

A I believe they were in the operation of steamships.

Q Were they a well-known steamship operation company?

A I don't know how well known they were.

Q Had you heard of them previously?

A I was asked to form a company by that name in the fall of 1970.

Q Mr. Hanlon, I am directing my question to Unimar to whom it was represented to the banks that that ship was chartered to.

Had you heard of that, the steamship owning company before?

A I had heard of it by virtue of forming that corporation back in the fall of 1970.

Q Was it your understanding that the Unimar to whom the ship was on charter to was the same Unimar that you had formed?

A I didn't know.

Q When you formed the Unimar back in 1970, was that the first time you had ever heard of Unimar Seetransport Company?

A Yes, it was.

Q Do you recall a ship by the name of the Triena?

A Yes.

Q Was that ship financed at the National Bank of North America?

A I believe it was.

Q Isn't it a fact that you represented Tidal Marine at the closing of that loan on September 18, 1970?

A I believe I did.

Q And isn't it a fact that it was represented to the bank that that ship was chartered to Unimar Seetransport Company?

A I don't recall.

Q Isn't it a fact that you subsequently furnished the bank with a copy of the assignment of charter hire on the

Triena?

A It is possible, but I do not recall it.

THE COURT: How do you spell that ship?

MR. GLEKEL: T-r-i-e-n-a.

Q Let me show you Government's Exhibit 228 for identification, Mr. Hanlon, and ask you whether that refreshes your recollection as to whether you delivered two executed assignment of charter on the Triena with acknowledgement of charters to the bank or to the bank's attorney.

A The letter of November 16, 1971, is a letter that I wrote to Joseph Peter Flemming submitting various documents to him and listed in this group of documents, number 4 states, "Two executed assignments of charter on the Triena with the acknowledgement of charters."

So, I assume I submitted it to Mr. Flemming.

Q Isn't the charter referred to a Unimar Seetransport charter? Not in the letter, Mr. Hanlon, but wasn't that the charter purportedly on the ship?

A I don't know.

Q Isn't it a fact that there was no charter on the Triena?

A I certainly don't know that.

Q Did you form Unimar subsequent to the closing on the Triena?

A I believe it was formed in October of 1970.

Q And who asked you to form it?

A Either Mr. Blonsky or Mr. Livas.

Q Are either Mr. Blonsky or Mr. Livas associated with Tidal Marine?

A Well, Mr. Livas was chairman of the board, commencing in January 1, 1972, and Mr. Blonsky was employed by Interocean Brokerage in London, England.

Q When did you first discover that Unimar was to be the charterers on one of the four ships?

A I believe it was either at the closing or a day or two prior to the closing.

Q Were you aware of the fact that there existed a Unimar in addition to the Liberian corporation which you had incorporated?

A I subsequently became aware of that.

Q Were you aware of that at the time?

A No.

Q Were you aware of that at the time of the Triena closing?

A No.

Q Which of the four ships closed with the Unimar charter?

A I believe it was the Ilion.

Q Was it your understanding at that time that the charterer of the ship was the Liberian corporation which you had formed two months earlier?

A I didn't know.

Q You didn't ask anyone?

A I didn't ask anyone.

Q You stated one of the charterers was Mitsui Lines?

A Mitsui Line, O.S.K. Line, I believe, all one titl

Q Had you ever heard of that corporation prior to the closing?

A Yes, I had.

Q Is that a well-known ship chartering concern?

A Yes, it is.

Q And what about Port Line/Blue Funnel?

A I had heard of that.

Q Is that a well-known chartering concern?

A Yes.

Q And Japan Line, is that also well-known?

A Yes.

Q Did a time come in the summer of 1971 when you formed Liberian corporations in the names of Port Line/Blue Funnel and Mitsui Lines O.S.K.?

A Yes, in August of 1971.

Q And what did you think you were doing when you

formed those corporations?

A Exactly what I did. I requested the formation of those corporations from Liberian Services here in New York City.

Q Who asked you to form them?

A Mr. Blonsky.

Q Were you aware that he was associated with Mr. Livas at that time?

A Yes, I was.

Q And you were aware there were two well-known chartering corporations in those names, were you not?

A I was aware that those names were well-known in the steamship industry as owners and operators.

Q What business did the Mitsui Lines which you formed conduct?

A I don't know.

Q What business did the Port Line/Blue Funnel Corporation that you formed conduct?

A I don't know.

Q Isn't it a fact that you formed both of these corporations to provide any documentation which might be required in connection with the loans on the four ships supposedly secured in part by Mitsui Lines and Port Line/Blue Funnel charters?

A No, sir, that is not a fact.

Q Mr. Hanlon, this loan on the four ships, Ilion, Marilion, Kyrilion and Harilion, closed in early 1971, is that correct?

A January and February, 1971.

Q And after this loan, in connection with how many additional loans did you represent Tidal Marine?

A After that loan?

Q After that loan.

A Possibly 20 or 25.

Q In the summer of 1971 you formed Mitsui Line and Port Line/Blue Funnel.

Were you not aware at that time that you had engaged in a fraudulent transaction closing the loans for the Ilion, Marilion, Kyrilion and Harilion?

A No, sir.

Q Where did you attend law school?

A Harvard Law School.

Q Did you graduate from there?

A I did.

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Q How many years have you been an admiralty attorney?

A I was admitted to the bar in 1958.

Q How long have you spent working on admiralty matters?

A 13 years.

Q How many ships have you closed loans on?

A I really don't know.

Q Over a hundred?

A It's possible.

Q You were a partner in the firm of Zock, Petrie, Sheneman & Reid?

A That's correct.

Q What percentage of your time did you devote to admiralty matters?

A 90 through 95 percent.

Q What percentage of your time during 1971 and 1972 did you spend on Tidal Marine matters?

A Again, about 90 percent.

Q When did you first meet Harry Amanatides?

A Around 1960 or '61, somewhere in there, early '60s

Q Did a time come when you became a close friend of his?

A Yes.

Q Did you socialize with him?

A On occasion.

Q Did you meet him frequently during 1971 and 1972?

A I would see him maybe an average of once a month.

Q During 1971 and 1972?

A That's right.

Q It is your testimony that you spent close to 95 percent on your time on Tidal Marine legal matters during that period?

A That's correct.

Q How often had you talked to him on the phone?

A Possibly once a week.

Q Did there come a time when you learned that there had been fraud involved in the affairs of Tidal Marine.

A Yes.

Q When was that?

A About the end of 1972, or early 1973.

Q Did you continue to associate with Harry Amanatides after that?

MR. FLEMING: I object to that.

THE COURT: Overruled.

A Yes.

Q Did you visit him in Greece on many occasions?

A On several occasions.

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Q After this?

A Yes.

Q Do you recall a time when a criminal investigation commenced into the affairs of Tidal Marine?

A Yes, I do.

Q Wnen was that, approximately?

A It was in November of 1972.

Q Do you recall being over in Greece after that?

A Yes, I do.

Q Do you recall being asked by Mr. Amanatides to inventory or look through some documents that he had arranged to be shipped over from New York?

A No.

Q You never were asked by Mr. Amanatides to do this?

A No.

Q Did you ever look at any documents in Greece?

A In Greece?

Q With Mr. Amanatides after November, 1972.

A I'm sure I must have.

Q In connection with Tidal Marine?

A It could be. I'm not sure.

Q Were you aware at the time that these documents were under subpoena?

A I was not.

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Q You were not aware?

A No, because all documents-- I had been served a subpoena, and all documents that were available here in New York at their offices, I made available to the government.

Q Weren't you aware that the documents you looked at in Greece were also under subpoena?

A No, sir, I was not.

Q Did there also come a time after the investigation commenced that you removed certain documents from Tidal Marine's offices?

A That's correct.

Q When is the last time you saw Mr. Amanatides?

A A year ago.

Q When is the last time you spoke with him?

A Within the last few days.

Q Who is paying your legal fees in connection with this defense?

MR. FLEMING: Objection.

THE COURT: I will sustain that objection.

Q Turning to the Aquario, Mr. Hanlon, I believe you testified that you learned from Mr. Sheneman about the availability of a time charter, is that correct?

A That's correct.

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Q And your assistance was requested in connection with finding a ship for charter and finding financing for the ship?

A That's correct.

Q What were the terms of this charter?

A Well, it was a three-year charter with the Shell Oil Company of Venezuela for a vessel of approximately 17,000 tons to be used in the Caribbean petroleum trade.

Q The charter entered into was three years?

A That was what was originally presented when this matter came to my attention.

Q What was the charter signed and executed?

A Two years and nine months.

Q What ship was the charter on?

A It was on the Aquario.

Q It is your testimony that that charter party was on the Aquario?

A Yes, it was a charter for the Aquario.

Q Isn't it a fact that the ship originally placed on the charter party was the Dedone?

A The charter party said the Dedone or a substituted vessel and the Aquario was the substituted vessel.

Q Was the Aquario mentioned anywhere in the original charter party?

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A Not in the original, no.

Q The Aquario was added by addendum, is that correct?

A That's true.

Q The addendum substituted the Aquario for the Dedone, is that correct?

A The Aquario was the substitute ship, yes.

THE COURT: Have you come to a convenient stopping place?

MR. GLEKEL: Your Honor, this is as convenient as any.

THE COURT: We will take a recess now until 2 o'clock.

(Jury left)

MR. FLEMING: Could we impose upon you a moment, your Honor, before you leave the bench?

THE COURT: Yes.

MR. FLEMING: Mr. Sprizzo is writing out --

THE COURT: You can make any statement orally. I don't need any writings.

MR. SPRIZZO: We feel compelled to move for a mistrial based upon the government's entire line of questioning as to events which occurred several months after the last transaction which is charged in the counts

both ?
of this indictment.

THE COURT: Don't you think that everything right up to the present date is relevant to the conspiracy considering that Amanatides is a fugitive?

MR. SPRIZZO: Your Honor, if I might state my record--

THE COURT: I will let you state your record, but don't make out as though you are not being given an opportunity because you have been doing that at other times during this trial, and you have no warrant for it. I have asked you a question that you can address yourself to and I don't expect any impertinence on your part.

MR. SPRIZZO: I am not being impertinent, your Honor.

THE COURT: I regard your statement as an attempted impertinence.

Now go ahead with your statement.

MR. SPRIZZO: It was not so intended, and I do not agree with your Honor.

Now, regardless of any conspiracy count in this indictment, the only evidence of any wrongdoing which the government claims occurs here was with reference to certain specific loan transactions. They have elected to proceed on certain specific counts. Based upon the government's

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own charges, the last transaction alleged is June 16, 1972. There was an inquiry into wh[illegible] discovered the fraud which we didn't object to that question, and his answer was late December, '72, and 1973. The government then pursued a line of questioning which was several months remote from any state of mind in issue in this case, having no probative value on that state of mind which was designed only to inflame and prejudice the defendant in the eyes of the jury and also designed to raise an inference of some type of obstruction of justice which is another crime for which there has been no indictment filed, grossly improper and culminated in the last question which your Honor sustained an objection to.

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THE COURT: The last question I sustained an objection to was proper under certain circumstances, and I might easily have ruled the other way. There is nothing wrong with the question itself beyond the fact that I thought that Mr. Hanlon could speak for himself on his own financing. As far as these other matters are concerned, you are drawing untoward inferences convenient to your own side of the case.

Is there anything you want to say, Mr. Glekel?

MR. GLEKEL: Your Honor, I just want to say the whole defense seems to be predicated on the contention

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that Mr. Hanlon was an innocent dupe for Mr. Amanatides and others, and the questions were intended to elicit the facts that Mr. Hanlon's actions have been inconsistent with those of an innocent dupe.

MR. SPRIZZO: Your Honor, the question directed to Mr. Hanlon about who is paying his legal fees could only prejudice all the defendants on trial here and we submit it is a grievious misconduct and move for a mistrial.

THE COURT: That is even a more fantastic suggestion, groundless, and I might even be inclined to permit the prosecutor, if he so chooses, to re-ask the question in view of the contention here as indicated by Mr. Glekel.

Your motion is denied.

MR. SPRIZZO: We respectfully except with the Court's ruling and disagree with it.

(Recess to 2 P.M.)

1A p.m.

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AFTERNOON SESSION

2:05 p.m.

(In open court - jury present.)

J A M E S D. H A N L O N, resumed.

MR. GLEKEL: May I proceed, your Honor?

THE COURT: Yes.

CROSS EXAMINATION CONTINUED

BY MR. GLEKEL:

Q Did a time come, Mr. Hanlon, when a ship was found for the Shell charter?

A Yes.

Q What was the name of that ship?

A The Thornhild.

Q Was the name later changed to the Aquario?

A It was.

Q What was the purchase price of the ship?

A It was $795,000 from the owners of the Thornhild.

Q Do you recall the names of the owners?

A I believe it was the Tonnevolds Tanker Company.

Q Did a time come when a bank loan was arranged for the purchase of the Aquario?

A Yes.

Q Where was this loan obtained at?

A The First National Bank of Boston in London.

Q What was the purchase price of the ship as represented to the First National Bank of Boston?

A The value of the ship and the charter was represented, I believe, as $1,300,000.

Q What was the purchase price of the ship represented as?

A I'm not sure.

Q Isn't it a fact that the purchase price of the ship was also represented as $1,300,000?

A It said that on the bill of sale from Brent to Southeast.

Q Who prepared the bill of sale from Brent to Southeast?

A I don't know.

Q Who filed it?

A I did.

Q Who drafted the corporate minutes authorizing the purchase of the ship by Brent?

A I prepared the corporate minutes for Southeast. I don't know whether I prepared them for Brent, too.

Q Let me show you Government's Exhibit 319 in evidence, which reads on top "Certificate of Resolutions of Brent Shipping Company, Ltd." and it purports to authorize the sale of the ship Thornhild by Brent Shipping Company, Ltd.

to Southeast Tanker Company.

I ask you whether you have ever seen that before.

A Yes, I believe I have.

Q Did you draft it?

A I believe I did.

Q You filed two bills of sale with Liberian Service: is that correct?

A That is correct.

Q And one indicated the sale of the ship from the Norwegian sellers to Southeast Tankers at a price of $780,000, is that correct -- excuse me, $795,000.

A I believe it reflects the sale of the ship from the Norwegian sellers to Brent Shipping Company for $795,000.

Q And you filed another bill of sale indicating the sale of the ship by Brent to Southeast Tankers at $1,300,000?

A That's correct.

Q I believe you just testified that your understanding of the purchase price of the ship was that Southeast Tankers is purchasing it for $795,000 is that correct?

MR. FLEMING: I object to the form of that question.

THE COURT: Rephrase it, please.

Q Wasn't it your understanding that Southeast

Tankers was purchasing the ship from its sellers for $795,000?

A That was my original understanding, yes.

Q What was Brent Shipping Company?

A It was the purchaser of the ship from the Norwegian sellers.

Q I believe you testified that Southeast Tankers Company purchased the ship from the Norwegian sellers?

A No, I said they purchased the ship from Brent.

Q And who were the principals of Brent?

A I believe Mr. Livas.

Q Was Paul Katritsis an officer of Brent?

A Yes, he was.

hph 1 Hanlon-cross

T1B

Q Was Brent a Tidal Marine related company?

A I don't believe so.

Q Did Southeast Tankers Company pay Brent $1,300,000 for this ship?

A The money that was borrowed from the bank, from the First National Bank of Boston, was paid to the Norwegian sellers.

MR. GLEKEL: Your Honor, I request the witness' answer be stricken as not responsive.

THE COURT: Would you read the question to the witness. Strike out the answer.

(Question read)

A Not that I know of.

Q As far as you know, did Brent receive any money for this ship?

A I don't know whether they did or not.

Q Mr. Hanlon, isn't it a fact that the bill of sale stating that Brent sold the ship for $1,300,000 was filed for the purpose of deceiving the First National Bank of Boston as to the purchase price of the ship?

A No, it was not.

Q How much did you bill for legal services performed in connection with the purpose of purchase of the Aquario?

A I don't recall.

Q Do you have any recollection of performing legal services with respect to the purchase of the ship?

A I don't recall how much.

THE COURT: Do you recall performing legal services

THE WITNESS: Yes, I did.

Q Would the amount $7,300 refresh your recollection as to the amount you billed for the services you performed?

A That could be.

Q Is it correct you also invested $57,500 for the purchase price of the vessel?

A Yes.

Q Did you ever ask anyone why you were filing the bill of sale for $1,300,000 indicating the transfer of the ship from Brent to Southeast?

A Why I was filing it?

Q Why was that?

A That was in order to trace the title from the Norwegian owners to Brent to Southeast Tankers so the ship could be registered.

Q But it was your understanding, was it not, that Southeast Tankers is purchasing the ship for $795,000 from the sellers?

A From the Norwegians?

Q Yes.

A Yes.

Q So you knew the bill of sale you filed was false?

A Well, not necessarily. They may have received 1,300,000. I don't know.

Q Were you at the loan closing, the First National Bank of Boston loan closing?

A No, I was here in New York filing the mortgage and bills of sale on the day of the closing, I believe.

Q Isn't it a fact that a portion of the closing occurred in New York?

A Yes.

Q Who owned the stock of Southeast Tankers Company at the time of the purchase of the Aquario?

A It was owned 50 percent by Amanatides' company-- I don't recall the name -- 20 percent by Kowloon Tankships Company.

Q Your company?

A A company I formed; 20 percent by West Shore Tanker Company, and 10 percent by Captain Huerta's company.

Q Do you recall signing a first preferred mortgage?

A I do.

Q And this was in connection with First National Bank of Boston loan on the Aquario?

A That's correct.

Q Mr. Hanlon, Government's Exhibit 325 in evidence purports to be a copy of this first preferred mortgage and bears the signature James Hanlon. Let me show it to you and ask you whether this is the document you signed.

A Yes, it is.

T2A Q Mr. Hanlon, this first preferred mortgage contains a section labeled "mortgage conditions, warranties," and reads as follows, "The owner hereby warrants and covenants with a mortgage that" and the second warranty reads as follows, "All the issued shares, capital of the owner is beneficially owned by Transoceanic Shipping Company of Piraeus, Limited hereinafter called Transoceanic."

Was that true?

A That is incorrect.

Q You signed this first preferred mortgage?

A Yes, I did.

Q Isn't it a fact you knew this was incorrect at the time you signed it?

A I was not aware that it was in there.

Q Did you read this first preferred mortgage before signing it?

A You will see portions of it that I did read and initial.

Q Mr. Hanlon, the question is: Did you read the entire first preferred mortgage before you signed it?

A I did not read the entire first preferred mortgage

Q Did you read the warranty section?

A No, I did not.

Q Is it your testimony that you did not read

the warranty section?

MR. FLEMING: Objection.

THE COURT: Overruled.

A Yes.

Q Mr. Hanlon, what are the consequences if a warranty is not fulfilled?

MR. FLEMING: Objection.

THE COURT: Overruled.

A It can be deemed a breach of the mortgage agreement.

Q Does that mean that the loan would be in default?

A Yes.

Q And the bank could demand its money back?

A Yes.

Q You testified a few minutes ago that Kowloon Tankship Company was a company which you formed?

A That's correct.

Q Who owned the stock in the company?

A I did.

Q Did you own all the stock?

A Yes.

Q Did you have signatory authority over its bank accounts?

A Yes, I did.

Q Isn't it a fact that Transoceanic did not own of the stock of Southeast Tankers Company?

A That's true.

Q Subsequent to the purchase and financing of the Aquario at the First National Bank of Boston, did you participate in the operation of the ship?

A To a certain extent, yes.

Q Were there frequent problems concerning the ship's operation?

A Yes, there were.

Q Were there disputes concerning whether the ship was being operated consistent with the terms of the charter party?

A Yes, there was.

Q You made several trips to Curacao and Caracas concerning these problems; is that correct?

A No, I did not make several trips.

Q Did you make any trips?

A I made one trip to Curacao and one trip to Caracas.

Q And one trip to London?

A And I went to London also.

Q Concerning the Aquario?

A I was in London on other business and that was

a topic that came up.

Q In a discussion with Mr. Amanatides and Captain Huerta and Mr. Sheneman; is that correct?

A That's correct.

Q Do you recall a meeting in Caracas concerning the Aquario in late January of 1971?

A Yes, I do.

Q What did this meeting concern?

A The fact that Shell Oil Company of Venezuela were not paying the charter hire.

Q Under the charter party?

A That's right.

Q After this meeting do you recall returning to New York and writing a letter to Captain Nout, a letter of January 28th, concerning what was discussed at the meeting?

A Yes, I did.

Q At about this time was the Aquario being re-financed at the National Bank of North America?

A I believe so, yes.

Q What was the amount of this refinancing of this new loan you were seeking?

A I believe it was $1,500,000.

Q What was the amount of the previous loan, the

First National Bank of Boston?

A $780,000.

Q Isn't it a fact that the reason for the increase in the loan amount was the fact that you submitted a charter to the National Bank of North America stating that the Aquario was on a three and a half year time charter

A I don't know that for a fact. I know I submitted a charter that was not correct.

Q Mr. Hanlon, did anyone ever tell you why the National Bank of North America was willing to loan a million and a half dollars on this ship when six months earlier First National Bank of Boston only loaned $780,000?

A No.

Q Did you ever ask anyone?

A No, I thought there was a good reason.

Q The shipping market had been declining through this period; had it not?

A Yes, so that charter was all the more valuable.

Q Because the shipping market had been declining?

A And this would be at a higher rate than the market.

Q I see.

Did the declining shipping market have the result of increasing the revenue which that charter would

provide?

A No, but it made it more attractive because it was above the market rates.

2B p.m.

glwt 1 Hanlon-cross

Q And you know that resulted in the approximate doubling of the amount of money which the bank was willing to loan?

A I would assume so.

Q Isn't it a fact, Mr. Hanlon, that the charter, if anything, was less valuable because it had six months left less to run in late January of 1972 as compared to July of 1971?

A That's correct.

Q Who represented the borrower in connection with this loan for $1,500,000 at the National Bank of North America?

A I did.

Q Were you asked to submit any documentation in connection with this loan?

A Yes, I was.

Q What were you asked to do ?

A I believe it was the usual documentation that I would submit, the corporate resolutions and the power of attorney to execute the documents that had been prepared by the bank's attorneys.

Q Did you submit a time charter on the Aquario in connection with this loan?

A I believe I did.

gwlt 2 Hanlon-cross

Q Isn't it a fact that this time charter refers to the ship being chartered as the Aquario?

A Yes, it does.

Q Is that the time charter which the Aquario was purchased under?

A It is not the time charter that was executed with the Shell Petroleum Company of Venezuela.

Q That was the two year, nine month charter?

A That's right.

Q And that time charter was on the Dedone, was it not?

A Or a substitute vessel.

Q And the Aquario was added by addendum number 1, is that not right?

A That is correct.

Q This charter which you submitted did not have an addendum number 1, did it?

A I don't know.

Q The only ship referred in it is the Aquario, is it not?

A I believe so, yes.

Q In addition to submitting this time charter, do you recall receiving a letter asking you to provide certain information required in the loan agreement?

gwlt 3 Hanlon-cross

A I don't recall, but I could well have received a letter from the bank's attorneys.

Q Let me show you something, Mr. Hanlon, and ask you whether it refreshes your recollection.

Mr. Hanlon, I show you a letter which has been marked as Government's Exhibit 14A for identification which is part of Government's Exhibit 14 in evidence, a loan file of the National Bank of North America.

Does that refresh your recollection as to whether you received a letter requesting you to inform the bank's attorneys fo the terms of the charter?

A This is a letter that I received from the bank's attorneys requesting certain information for the charter.

Q Does that information include the length of the charter?

A I cannot tell from this letter whether that information was requested or not because it just refers to subparagraphs of the loan agreement, and --

Q Did you have a loan agreement in your possession at that time?

A I assume that I did.

Q And certain paragraphs were blank or certain portions of paragraphs were blank?

A I imagine so, if they were requesting information.

gwlt 4 Hanlon-cross

Q Is one of the paragraphs referred to in that letter paragraph G?

A Paragraph -- it is subparagraph small "g" of paragraph 1.

Q That is one of the paragraphs referred to in that letter?

A That is referred to in this letter.

Q After receiving that letter, Mr. Hanlon, and that letter is from Joseph Peter Flemming, is that correct?

A Yes, it is.

Q He was the bank's attorney?

A Yes, he was.

Q After you received that letter, did you provide the information requested?

A I would assume that I did.

MR. GLEKEL: Your Honor, I would like to read a portion of the loan agreement on the Aquario, which has been marked as Government's Exhibit 42 in evidence. I would like to read paragraph 1, subparagraph g.

(Mr. Glekel read to the jury from Government's Exhibit 42 in evidence.)

Q Is that statement true, Mr. Hanlon?

A It is incorrect as far as three and a half years is concerned.

gwlt 5 Hanlon-cross

Q The vessel was not performing under any such charter, was it?

A It was performing under a charter with Shell Petroleum Company of Venezuela, under a charter for two years, nine months.

Q Did you sign the loan agreement?

A Yes, I did.

Q Do you recall being asked by your law partners at Zock, Petrie whether you had any ownership interest in the Aquario?

A I don't recall that specific reference to the Aquario.

Q Were you asked whether you had an ownership interest in Tidal Marine ships?

A I believe I was, yes.

Q When were you asked that?

A After the firm was dissolved, which would be subsequent to December 31, 1971.

Q What was your reply?

A I replied, no, I did not have any interest in Tidal Marine ships, any Tidal Marine ships.

Q Was that the truth?

A It was, yes.

Q Wasn't the Aquario a Tidal Marine ship?

A Yes, but I had lost my interest when the stock of Southeast was --

Q What happened to the stock of Southeast?

A It ultimately went to the National Bank of North America.

Q When did that happen?

A That happened in July or August of 1972.

Q When did you have this conversation with your partners?

A I believe it was in either March or April 1972.

Q At that time you still owned stock in Southeast Tankers Company?

A No, I didn't. As of the closing in February 4th, I believe it was, my stock was gone.

Q What do you mean your stock was gone?

A It belonged to Tidal Marine.

Q How was the stock transferred to Tidal Marine?

A It was transferred to the bank.

Q When was it transferred to the bank?

A Either July or August of 1972.

Q Didn't you just testify that at the time of the loan closing the stock was transferred to Tidal Marine?

A Yes. That's how they became the owners of the ship.

gwlt 7 Hanlon-cross

Q What documents reflect the transfer of the stock to Tidal Marine?

A I believe there was a purchase agreement.

Q Is this transfer reflected at all in the Southeast Tankers stock book?

A I don't know.

Q Was that stock book in your possession --

A Yes, it was.

Q And it continued in your possession up until the time you turned it over to the National Bank of North America?

A Under protest, yes. I turned it over to the bank under protest.

3A p.m. hplt 1 Hanlon-cross

Q Now, do you recall having a conversation with John Sheneman in early 1972?

A I had a lot of conversations with John Sheneman.

Q Do you recall him asking you about rumors concerning the sale of the Aquario to Tidal Marine?

A That was, I believe, in May of 1972.

Q Do you recall responding to him that that couldn't be, it is impossible, because you still have the stock book reflecting the issuance of the stock?

A No. I believe I replied to him that the ship was still owned by Southeast Tankers, which in fact it was.

Q Didn't you also say to him that there was no way that the ship could have been transferred to Tidal Marine because you still had the stock book which indicated that stock in Southeast Tankers had been issued to you and to Mr. Sheneman?

A I mentioned the stock to him, but that was with respect to holding it as security for receiving the funds --

Q Let's move to the Trechon.

A -- that were owed to us.

Q Let's move to the Trechon.

Were you asked to find financing for this ship?

A I was asked to find a purchaser for the ship.

Q Who asked you to find it?

A Mr. Sheneman.

Q Who was the ship being purchased from?

A It was being purchased from Compania Petroleum Latinoamericana S.A. I believe is the name.

Q For what amount?

A $3,500,000.

Q What did you do after receiving Mr. Sheneman's request?

A I inquired of Mr. Amanatides if Tidal Marine would be interested in purchasing the ship.

Q What was his response?

A He said yes, they would be.

Q What happened then?

A Mr. Amanatides delivered the 10 percent down payment to be deposited in escrow with the sellers and on behalf of West Shore Tankers Company Mr. Sheneman signed the memorandum of agreement to purchase the ship.

Q For what price?

A $3,500,000.

Q Was that price later reduced?

A Yes, it was.

Q To what?

A I believe it was reduced to $3,385,000.

Q What arrangements were made for the payment of thi

purchase price?

A The purchase of the ship was financed by the Bank of America, London office.

Q Did you represent Tidal Marine in connection with this loan?

A Yes, I did.

Q And what was the amount of the loan?

A $4,000,000.

Q And this $4,000,000 was to purchase a ship for $3,385,000?

A Tidal Marine had to pay in addition to the $3,385,000, an additional $750,000.

Q And who received that money?

A That money was received by West Shore Tanker Company, Kowloon Tank Ship Company and a company that belonged to Captain Huerta.

Q And the funds for that $750,000 came from a loan, did they not?

A Yes, they did.

Q Mr. Hanlon, isn't it a fact that the purchase price of the Trechon as represented to the Bank of America was $5,500,000?

A I was not aware of that at the time.

Q At the time what purchase price did you believe

was represented to the bank?

A I didn't know. I didn't know what arrangements were made.

Q Weren't you aware of a line of credit agreement between Tidal Marine and the Bank of America, London, under which they agreed to finance purchase of four ships by Tidal Marine for amounts not greater than 75 percent of the purchase price of each ship?

A No, I was not aware of thatline of credit for four ships.

Q When did you become aware of it?

A I don't know if I ever became aware of it before this investigation started.

Q Did you ever receive a copy of it?

A I believe I received a copy of it when I examined the government's exhibits.

Q Did you ever receive a copy of it in early 1972?

A I don't believe so.

Q Mr. Hanlon, didn't you participate in the drafting of the agreement?

A No.

Q Didn't you engage in correspondence with the Bank of America's attorneys concerning the terms of the final agreement?

A This line of credit?

Q Yes.

A I don't remember that I did.

Q Let me show you Government's Exhibit 299A in evidence and ask you whether that refreshes your recollection as to whether you were involved in the drafting of the line of credit agreement.

A This says that a copy of the draft loan agreement was sent to me on the 4th of January, 1971, by the attorneys representing the Bank of America in London, England.

Q Did you receive that loan agreement?

A I assume that I did.

Q And is that the line of credit loan agreement?

A I would have to see the loan agreement to answer that question.

Q Let me show you Government's Exhibit 284 in evidence.

A Yes, I believe I received a copy of this draft loan agreement.

hph 1 Hanlon-cross

T3B

Q Isn't it a fact, Mr. Hanlon, that you had been engaged in discussions with the Bank of America's attorneys prior to that concerning the terms of the agreement?

A Concerning the purchase of the Trechon I had been in contact with them.

Q The Trechon was purchased under the terms of the line of credit agreement, was it not?

A Well, this is a draft of a line of credit agreement and the draft was mailed to me the 4th of January, 1971, and we closed on the Trechon on December 9, 1970.

Q Yes, Mr. Hanlon, but isn't it a fact that the line of credit agreement was first arranged orally and only reduced to writing thereafter?

A That wasn't arranged with me. I received documents with respect to the Trechon but not this one.

THE COURT: He wants to know about the sequence. Read the question and strike out the answer.

(Question read)

A I don't know.

Q Isn't it a fact, Mr. Hanlon, that the line of credit agreement is dated as of December 9, 1970?

A That is correct.

Q Mr. Hanlon, I believe you testified that you received $325,000 as your share of the proceeds of this loan, is that correct?

A Kowloon Tankship Company received $325,000.

Q And you owned all the stock in Kowloon Tankship Company?

A I owned the stock in Kowloon.

Q Where was the bank account of that company located?

A At the Irving Trust Company in London, England.

Q Were you an authorized signatory of that account?

A Yes, I was.

Q Do you recall filling out a document which requested you to indicate whether or not you were an authorized signatory of any foreign bank accounts?

A I don't believe I recall that.

Q Let me show you Government Exhibit 1150-A, B, and C for identification and I direct your attention to the box in the documents that appears immediately over the signature line.

A Yes, Mr. Glekel?

Q You were asked to provide information concerning whether you had signatory authority over any foreign bank account.

A I was asked to indicate either yes or no.

Q What did you indicate?

A I indicated nothing.

MR. SPRIZZO: Objection, your Honor. May we send you a note? This issue came up earlier. This evidence was offered as part of the government's direct case and we had a statement or argument about it without the presence of the jury.

THE COURT: Read the question, please.

(Question read)

THE COURT: Are you objecting to the answer?

MR. SPRIZZO: The question and the answer.

THE COURT: You objected after the answer was imposed.

(Note handed to Court)

THE COURT.Mr. Glekel, does this have to do with an item on which you gave me a brief and on which I ruled?

MR. GLEKEL: Your Honor, it's--

THE COURT: Do you know what I am talking about?

MR. GLEKEL: If you are referring to the exhibit-

THE COURT: Does the question call for something covered by that supplemental brief that I considered and ruled on?

MR. GLEKEL: No, it's not covered by the supplementa

brief.

THE COURT: Would you be good enough to talk a moment to Mr. Sprizzo and get his point so that you are both talking about the same subject.

MR. SPRIZZO: May we approach the bench?

THE COURT: Has the matter been resolved?

MR. GLEKEL: That's an ambiguity, I think, your Honor.

THE COURT: Do you know Mr. Sprizzo's point?

MR. GLEKEL: Yes, your Honor.

THE COURT: Does this question go to that point?

MR. GLEKEL: A portion of it, but it's not what is covered by our brief.

THE COURT: It is?

MR. GLEKEL: It was not covered by our brief. I can write a brief note, your Honor.

THE COURT: Although Mr. Sprizzo was late in his objection, I will grant his motion to strike the answer and sustain his objection to the question if it is covered in any part by that brief.

MR. SPRIZZO: Thank you, your Honor.

THE COUT: I will return your note because I think the colloquy was more explanatory than your note, more explanatory to me.

BY MR. GLEKEL:

Q Mr. Hanlon, what did you do with the money in the Kowloon Tankship bank account?

A I transferred a portion of it with respect to the down payment on the Aquario; I obtained some personal loans from the Irving Trust Company which were secured by funds on deposit in that account.

T4A

Q Is that money under your exclusive control?

A For all practical purposes, yes.

Q From time to time did you communicate with the Irving Trust Company concerning the disposition of those funds?

A Yes.

Q Do you recall instructing the Irving Trust Company that they were not to communicate with you at your law offices but only at your home?

A I did.

Q Why did you tell them that?

A Because that involved a personal matter and not a matter that was-- that should be directed to the law offices.

Q Isn't it a fact, Mr. Hanlon, that you received this $325,000 for furthering a fraudulent loan transaction?

A No, sir.

Q Did there come a time when you represented Tidal Marine in connection with the refinancing of the Trechon?

A Yes.

Q That was a loan of $4,000,000; is that correct?

A That's correct.

Q What were the proceeds of this loan used for?

A To repay the bank of America the prior loan.

Q And what else?

A I don't know.

Q Do you recall that part of the proceeds were used to pay off a previous loan on the Tama?

A No.

Q Do you recall representing the National Bank of North America in connection with a loan on the Tama?

A I never represented the National Bank of North America.

Q Representing Tidal Marine in connection with a loan on the Tama?

A I represented the borrowing corporation, which was the Tidal Marine Corporation with respect to a loan on the Tama given by the National Bank of North America.

Q What was the security for that loan?

A First preferred mortgage on the ship.

Q And anything else?

A I believe there was the customary assignment of charter hire, general assignment of rates.

Q Who was the charter with?

A I don't recall.

Q Do you recall a charter with Amoco?

A It could have been.

Q Do you recall a time came when it was discovered

that this charter was non-existent?

A A time came when I heard there was a problem with the charter.

Q What was the problem?

A I don't know what the problem was.

Q Didn't a time come when you learned that the Tama loan at the National Bank of North America had to be paid off because the charter was found not to exist?

A No, I -- a time came when I was advised that the Tama loan with the National Bank of North America was going to be satisf ied.

Q Wasn't that time three or four months after the original loan?

A I would say it was about that.

Q Do you have any recollection of being informed or finding out that there was no charter on the Tama?

MR. FLEMING: Objection; asked and answered.

THE COURT: Overruled.

A No.

Q Mr.Hanlon, do you recall performing legal work in connection with the replacement of the charter purportedly existing on the Tama by another charter?

A I don't recall that.

Q Do you recall billing $1,500 for something called

Tavros-Tama substitution?

A I recall having billed that, yes.

Q What was the Tavros?

A The Tavros was a tanker ship.

Q What was being substituted?

A According to that statement you just read, it sounded like the Tavros was being substituted for the Tama.

Q The charter on the Tavros for the charter on the Tama?

A Or a loan. I don't know which.

Q Do you have any recollection of performing legal work relating to the substitution of the charter on the Tama?

A I have no recollection right now, no.

Q Mr. Hanlon, do you recall the purchase of four ships by Tidal Marine from an individual by the name of Karageorgis?

A Yes, I do.

Q Would the names of these ships or the names after Tidal Marine renamed them the Tachys, Trops and Tekton? Were those three of the four?

A Those were three of the four; yes, sir.

Q Did you perform legal work in connection with the purchase of these sales of these ships from Karageorgis?

A Not with respect to purchase of the ships. I did with respect to obtaining -- with respect to the closings.

Q Isn't it a fact that you billed $5,750 for the purchase by Tidal Marine of the four Karageorgis ships?

A What is the date of the bill, Mr. Glekel?

MR. GLEKEL: Your Honor, I ask that the witness' response --

THE COURT: Did you issue a bill for $5,750 for that purpose?

THE WITNESS: I don't recall. If I see the document, I might remember.

Q Mr. Hanlon, let me show you a bill which is part of Government's Exhibit 336C in evidence.

THE COURT: Is that the bill?

THE WITNESS: Yes, this is the bill, your Honor.

Q Does that refresh your recollection, Mr. Hanlon?

A Yes, it does.

Q Did you perform legal work in connection with the purchase of those Karageorgis ships?

A Yes, I did.

Q Mr. Hanlon, let me show you Government's Exhibit 367 in evidence, hwich is the memorandum of agreement for the

gwlt 2 Hanlon-cross

purchase of these ships.

A Yes, sir.

Q Is that, in fact, the agreement for the purchase of the four ships?

A This is the memorandum of agreement dated 8 February, 1971, for the purchase of four ships.

Q These are the four ships, three of which were renamed the Tropis, Tekton and Tachys, sir?

A They are.

Q This is the purchase in connection with which you billed $5,750?

A I don't know whether this bill relates to this memorandum of agreement or it relates to the financing, taking delivery of the ships.

Q What does the bill say?

A The bill says:

"Purchase of," and it names the four ships.

Q Isn't it a fact that you billed separately for the financing of these ships at the Bank of America?

A I don't know right now.

MR. GLEKEL: Your Honor, I would like to read a portion of the memorandum of agreement to the jury.

THE COURT: All right.

MR. GLEKEL: This is dated February 8, 1971.

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(Mr. Glekel read to the jury from Government's Exhibit 367 in evidence.)

Q Mr. Hanlon, do you recall what that ship was renamed?

A I think it was the Tropis, but I'm not certain.

(Mr. Glekel read further to the jury from Government's Exhibit 367 in evidence.)

Q Do you recall what that ship was renamed, Mr. Hanlon?

A No, I do not.

Q Was it the Techni?

A It could well be.

(Mr. Glekel continued reading from Government's Exhibit 367 in evidence.)

Q Was the Ketty renamed the Tropis, Mr. Hanlon?

A It could be.

(Mr. Glekel read further from Government's Exhibit 367 in evidence.)

Q Mr. Hanlon, does this memorandum of agreement contain a condition that the sale is contingent upon the time charterers, that is the charterers of the ships agreeing to the transfer of the charter from the buying to the selling corporations?

I direct your attention to the top of the final

gwlt 4 Hanlon-cross

page of the memorandum of agreement.

A Yes, it does.

Q Isn't it a fact that you were aware of the chartering arrangements on these ships at the time Tidal Marine purchased them?

A I was aware of the chartering arrangements at the time the mortgage was placed on the ships.

Q At the Bank of America?

A At the Bank of America.

Q Those ships were mortgaged with a three-year charter, is that not correct?

A I believe so.

Q You represented Tidal Marine in connection with a financing of the Tachys at the Bank of America, is that not correct?

A I believe I represented them in some fashion, yes.

Q And a loan of $3,250,000 was obtained for the financing of that ship?

A I assume so. I don't know.

Q You recall a loan being obtained, though?

A I recall a loan being obtained,yes.

Q What was the security for that loan?

A A first preferred mortgage on the ship.

Q Anything else?

A I assume there was an assignment of charter hire and a general assignment of freights.

Q What charter was assigned?

A I don't recall.

Q Wasn't it the same charter that the ships came with from Karageorgis?

A I don't know.

Q Did you know at the time?

A I don't recall.

Q Mr. Hanlon, let me show you Government's Exhibit 299G in evidence. And my question is, whether at the time of the closing on the Bank of America loan on the Tachys you received a copy of the assignment of charter hire?

A Following the closing a copy of the assignment of charter hire along with other documents was sent to me by the solicitor in London, England who represented the Bank of America.

5A p.m. hplt 1 Hanlon-cross

Q Mr. Hanlon, are you testifying or reading from a letter or reading from the telex?

A It is a letter.

Q Are you reading from it or are you testifying?

A Well, reading from the letter that was sent to me.

Q What is the letter dated?

A 19 April 1971.

Q Does it refresh your recollection as to whether you received an assignment of charter hire?

A I assume that I did.

Q What do the assignment of charter hire indicate what the length of the charter was?

A I don't know.

MR. GLEKEL: Your Honor, I would like to read a portion of Government's Exhibit 9E in evidence.

(Mr. Glekel read to the jury from Government's Exhibit 9E in evidence.)

Q Mr. Hanlon, do you recall that as being the terms of the charter which secured the Bank of America loan?

A I imagine it is, if that's what the assignment was.

Q Do you recall receiving the assignment as indicated in the letter?

A I don't recall receiving the assignment specifically, no.

Q You do not recall receiving it?

A No, but I'm sure I did.

Q Do you recall billing Tidal Marine $1,350 for the loan at the Bank of America on the Tachys?

A Yes, I recall that.

Q Did a time come in early 1972, when you represented Tidal Marine in connection with another loan involving the Tachys?

A Yes.

Q What was the amount of this loan? Mr. Hanlon, was it $4,500,000?

A I believe it was.

Q What was the purpose of the loan?

A The purpose of the loan was to assist Mr. Michael Panayotopulos in purchasing the Tachys from its owner, the Tidal Marine subsidiary.

Q What do you- mean by "assist"?

A To finance his purchase.

Q To provide the funds for the purchase?

A I would assume so, yes.

Q Who were the funds going to?

A They would be going to the seller.

Q Which was Tidal Marine or a Tidal marine subsidiary?

A That's right.

Q Were you present at the closing of this loan?

A Yes, I was.

Q What was the security?

A A first preferred mortgage on the vessel Tachys.

Q And what about the time charter?

A An assignment of charter hire and a general assignment of freights.

Q What charter hire was being assigned?

A I don't recall.

Q Do you recall that it was a five-year charter with British Petroleum?

A It could have been.

Q And do you recall representing to the bank that it was a five-year charter?

A I do not recall that, no.

Q Let me show you Government's Exhibit 256 in evidence and ask you whether you recall receiving that from Joseph Peter Flemming, the bank's attorney.

A I do recall receiving this from Mr. Flemming.

Q Do you recall responding to it?

A I believe I wrote a letter with respect to this

document, yes.

Q I show you Government's Exhibit 254 and ask you whether that is the letter you wrote.

A Yes, this is the letter I wrote.

Q And what do you represent this letter concerning the charter?

A This is a letter addressed to Mr. Panayotopulos.

Q Was this letter sent by you in response to Mr. Flemming's letter?

A To the form of certificate he gave me, yes.

Q Instead of filling out the certificate, you sent this letter, is that correct?

A That's right, and with respect to -- referring to the charter party, it says, "Except for negotiation and entering into of the time charter dated November 20 ,1971, with BP Tankers Company, Ltd."

Q Whoever entered into such a charter party?

A Spartan Endeavor.

Q Wasn't it a fact that the Tachys came from Karageorgis with a charter party already on it?

A I believe it did.

Q And isn't it a fact that the Karageorgis charter party on the Tachys was dated November 1970 rather than November 1971?

A I don't recall that.

Q Do you recall receiving the assignment of charter hire referring to the date the charter party was entered into

A This is the letter I received on the 19th of April, 1971, from London.

Q The previous loan on the Bank of America on the Tachys had been for 3-1/4 million dollars, is that correct?

A I don't recall what the amount was.

Q Mr. Hanlon, isn't it a fact that the National Bank of North America loaned 1-1/4 million dollars more than the Bank of America had loaned approximately eight months earlier on the same ship?

A They may have, yes.

Q Isn't it a fact that the increase in the amount was due to the fact that it was represented that five-year charters rather than three-year charter was on the ship?

A I don't know that.

Q Didn't you know that there was no five-year charter on the Tachys?

A I certainly did.

Q Weren't you aware that there had been a three-year charter financed on that ship ever since the purchase of the ship from Karageorgis?

A I don't know whether it remained on the ship or

not.

Q Weren't you aware of the fact that the ship had been financed with a three-year charter in April of 1970 by the Bank of America?

A Yes, I was aware of that.

Q Isn't it a fact that not only wasn't there a five-year charter on the Tachys, but in fact the three-year charter had been canceled?

A I didn't -- I don't know that.

Q Were you ever informed of the fact that after the charter on the Davros was shifted to the Tama, the BP charter on the Tachys was canceled and transferred?

A No, sir.

Q Do you recall working on the Davros-Tagma substitution?

A I billed for it, so I must have worked on it.

Q Were the Tropis and the Tekton among the ships purchased from Karageorgis?

A Yes, they were.

Q These were among the ships,the purpose of which you billed $5,750?

A Yes, they were.

Q Did you also form two corporations by the name of Alkaid and Harris?

A Yes.

T5B

Q Were these the two Tidal Marine subsidiaries that took possession of the ships from Karageorgis?

A Yes, they were.

Q What were the charter arrangements on those two ships at the time of their purchase?

A I don't know.

Q Do you recall representing Tidal Marine in connection with a loan at the Bank of America on the Tekton?

A I don't recall that right now, no.

Q Do you recall Mr. Barnett from Haight, Gardner being present at the closing on the Tekton?

A Yes, I do.

Q Do you recall closing on the Tekton?

A Yes, I believe it occurred at the office of the Deputy Maritime Commissioner for the Republic of Liberia in New York.

Q Mr. Naslas was also present at that closing, was he not?

A I don't recall, but he could well have been.

Q What happened at that closing?

A We recorded a ship mortgage, I believe, or Mr. Barnett did.

Q Were any other documents executed at this closing?

hph 2 Hanlon-cross

A I assume the standard documents were executed.

Q And wasn't one of the standard documents the assignment of charter hire?

A Yes, it would be.

Q And what did the assignment of charter hire indicate as to the terms of the charter on the Tekton?

A I do not know.

Q Let me show you Government's Exhibit 270-A for identification which is part of Government's Exhibit 270 in evidence, the Bank of America closing file on the Tekton loan. This document is labeled "Assignment of charter hire." Is that a copy of the assignment of charter hire executed at the closing, Mr. Hanlon?

A I believe it is.

Q What does that indicate as to the BP charter on the Tekton? I believe it's on the first page of the document.

A It states that the vessel Tekton is subject to a time charter party dated 14 August 1968 between the seller of the ship and Standard Tankers Bahamas, Limited and a time charter with BP Tanker Company Limited London, dated 24th November 1971, for about 36 months, commencing first November, 1971.

Q Directing your attention to the three-year BP

charter, to the best of your knowledge was that correct when this document was executed?

A I believe it was.

Q Isn't that the same charter on which the ship was purchased from Karageorgis?

A Yes.

Q Please look at the signature page of that document and I ask you whether it refreshes your memory as to whether Mr. Naslas was present at this loan closing.

A His signature appears as a witness at this closing.

Q Did a time come when you represented Tidal Marine in connection with loans of the Tekton and the Tropis, at the National Bank of North America?

A Yes.

Q Was this in December of 1971?

A Christmas eve of 1971.

Q Was the loan sought one of five and a half million dollars?

A I don't recall what the amount was.

Q Let me ask you to look at this chart, which is Government's Exhibit 900-A in evidence and I ask you whether it refreshes your recollection as to the amount of the National Bank of North America loan on the Tekton

hph 4 Hanlon-cross

and the Tropis.

A Yes, I believe it was 5.5 million dollars.

Q Isn't it a fact that both of the ships had previously been financed at the Bank of America, one in July of 1971 and one in May, 1971?

A I believe that's correct, yes.

Q Isn't it a fact that the amount of loans extended by the Bank of America on board of these ships, the Tropis and Tekton together by the Bank of America, was $3,750,000?

A I believe that's correct, yes.

Q Isn't it a fact that the shipping market had been declining during this period, during the interval?

A I don't recall that, but it could be.

Q Didn't you testify about half an hour ago that the shipping market had declined between the purchase of the Aquario and its financing at the First National Bank of Boston and its refinancing at National Bank of North America?

A I believe you asked me a question and I said yes, I believed the shipping market had declined during that period.

Q Have you reconsidered that answer?

A Yes, I believe the shipping market was on a

decline.

Q Isn't it a fact that it was represented to the Bank of America that the Tropis and Tekton were on three-year charters?

A Yes.

Q Isn't it a fact it was represented to the National Bank of North America that the Tropis and the Tekton were on five-year charters?

A Apparently that representation was made, yes.

Q Did you represent the borrower in connection with that loan?

A I did.

Q What do you mean apparently the representation was made?

A I believe it was made.

Q You believe it was made?

A Yes.

THE COURT: Is this a convenient place for you to pause?

MR. GLEKEL: Yes, your Honor.

THE COURT: The jury may take a recess.

(Recess)

T6A (In open court; jury present.)

CROSS EXAMINATION CONTINUED

BY MR. GLEKEL:

Q Mr. Hanlon, what was the purpose of the Tropis and Tekton loan at the National Bank of North America?

A They were vessels -- vessels were being re-financed.

Q What does that mean?

A Well, they had been with the Bank of America and they were paying off that loan and getting in a loan from the National Bank of North America.

Q Isn't it a fact that it was represented to the bank that Scufalos, Mark Scufalos, was buying these ships from Tidal Marine?

A I don't know.

Q Didn't the bank's attorney, Pat Martin -- didn't you tell him that?

A I did not.

Q Mr. Hanlon, was there a transfer between two corporations as part of this transaction?

A Yes, there was.

Q The Tropis and the Tekton were sold by Antares and Alkaid Corporations to Aries and Pisces Corporations?

A That's correct.

Q And you formed all four of these corporations?

A I formed all four of them for Tidal Marine.

Q If this was a refinancing, why was it necessary to sell the ship from one set of corporations to another set of corporations?

A I don't know, but I was instructed to change the ownership from two Tidal Marine subsidiaries to two other Tidal Marine subsidiaries.

Q Isn't it a fact that a bill of sale was registered indicating the sale of the Tropis and Tekton from two corporations to another two corporations?

A Yes.

Q Isn't it a fact that the National Bank of North America had informed Tidal Marine by this time that it would not loan any more money to Tidal Marine?

A I don't know.

Q No one told you that?

A Nobody told me that.

Q Who owned the stock of the Aries and Pisces Corporations at the time of this loan?

A I believe I was told it was owned by Union Commercial Shipping Company.

Q I asked you who did own it, not what you were told.

MR. FLEMING: I object to the form, your Honor.

THE COURT: Overruled.

You may answer.

A I assumed Aries-- Union Commercial Shipping Company owned them.

Q Let me show you Government's Exhibits 961-A and 961-B in evidence, Mr. Hanlon. One is the stock book of Aries Navigation Corporation, the other is the stock book of Pisces Navigation. Both of these books bear handwritten notations that 500 shares of Aries and Pisces stock respectively were issued to Galaxy Steamship Corporation on September 15, 1970.

Let me direct your attention to these books and to these entries and ask you whether they refresh your recollection as to who owned the stock of Aries and Piesces Corporation at the time the loans on the Tropis and Tekton closed.

A There's no indication that the stock was issued to Union Commercial Shipping Company here.

As of September 15, 1970, it is indicated that the stock is owned by Tidal subsidiary Galaxy Steamship Corporation.

Q Directing your attention to the Pisces stock book, is that the one you are looking at?

A I'm looking at Aries.

Q Directing your attention to Pisces, what does that indicate?

A That indicates exactly the same thing.

Q Is that entry in the Pisces book in your handwriting?

THE COURT: What entry?

MR. GLEKEL: The entry concerning the ownership of the 500 shares of stock.

A No, it's not.

Q None of it is in your handwriting?

A No, sir.

Q Are you sure of that?

A I'm fairly sure.

Q Where were these books maintained?

A They were maintained in my offices.

Q They were in your office as of December, 1971?

A I believe they were, Mr. Glekel.

THE COURT: Whose handwriting is it?

THE WITNESS: It looks like my secretary's handwriting.

Q Mr. Hanlon, doesn't it look to you that the particular entry is in two handwritings, part in one handwriting and part in another handwriting?

A With respect to Pisces Navigation Corp., it looks like the date written in here is in different handwriting than all the rest of the handwriting on these two books.

Q At the time of the closing what representation was made to the bank as to the ownership of Aries and Piesce stock?

A That the stock was owned by Union Commercial Shipping Company.

Q That name sounds a lot like Union Commercial Steamship Company; does it not?

MR. FLEMING: Objection.

THE COURT: Sustained. Just recite the two names and we will leave it at that.

What are the two names involved?

MR. GLEKEL: Union Commercial Shipping, Union Commercial Steamship.

b2 THE COURT: All right. Go on.

Q Mr. Hanlon, who were the principals of Union Commercial Shipping?

A I believe Mark Scufalos.

Q Mr. Hanlon, did you represent Tidal Marine in connection with a purchase of 12 or 13 ships from Mark Scufalos in early 1971?

A Yes, I did.

Q Did you, in fact, bill about $4,000 for legal work in connection with this purchase?

A I believe I did.

Q Did you, in fact, form 11 of the purchasing corporations in connection with the purchase of ships from Mark Scufalos?

A Yes, I did.

Q And you billed about another $4,000 for this?

A Yes, I did.

Q Are you familiar with a memorandum of agreement between Union Commercial Steamship Company and Tidal Marine for the purchase of these ships?

A Yes, I do.

Q Did you represent Tidal Marine in connection with a financing of some of these 13 ships?

A Yes, I did.

Q Were two of these ships financed with the Farber Commercial Corporation?

A Yes, two of them were.

Q And you represented Tidal Marine in connection with those loans?

A Yes, I did.

Q Was Tidal Marine the borrower?

A I believe the owning corporation.

Q With Tidal Marine subsidiaries?

A With Tidal Marine subsidiaries.

Q It was represented to Farber Commercial Corporation, was it not, that Tidal Marine subsidiaries were borrowing the money?

A I believe that's true.

Q Did you also represent Tidal Marine in connection with arranging the financing of two of the ships purchased from Scufalos with General Electric Pension Fund?

A I represented Tidal Marine and the subsidiaries with respect to financing two of those purchases with the General Electric Pension Fund.

Q Was it represented to the General Electric Pension Fund that Tidal Marine was the owner of these ships?

A Of the subsidiaries that owned the ships, yes.

Q Did a time come when a loan was sought from the National Bank of North America on six of the 13 ships purchased from Scufalos?

A Yes.

Q Did you represent the borrower in connection with the loan?

A Yes, I did.

Q Who was the borrower?

A They were six Tidal marine subsidiary corporation

Q What was the purpose of the loan?

A To purchase the ships.

Q Weren't you aware at the time that this was presented to the bank as a Scufalos loan or Scufalos was to buy out his partner's interest in the ships?

A No, sir.

Q Were you aware at this time that the National Bank of North America would not loan any more money to Tidal Marine?

A No, sir, I was not.

Q How much in loans was outstanding to Tidal Marine at that time?

A I wouldn't know, sir.

Q Had you represented Tidal Marine on all its previous loans with the National Bank of North America?

A I believe I had.

Q But no one informed you as to any statement by the bank concerning its future lending policy?

A That is correct.

Q Did you bill approximately $9,000 in connection with a loan on the six dry cargo vessels?

A I believe I did.

Q Did you sign the loan agreement on behalf of the borrowing corporations?

A I signed as an attorney in fact on behalf of the borrowing corporations.

Q Did you also sign an opinion letter?

A Yes, I did.

Q Did you have any discussions with the bank's attorneys or with the bankers in connection with this loan?

A Well, I'm sure I had discussions with the bank's attorneys.

Q And no one indicated to you that the bank thought it was lending money to Mark Scufalos?

A No, sir.

Q Who was the charterer of these vessels?

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A I was advised that Transoceanic was the charterer

Q And who were the principals of Transoceanic?

A Livas and Papageorgio.

Q Is Livas also a principal of Tidal Marine?

A At that time I don't believe he was an officer of Tidal Marine.

Q Did he play a major role in Tidal Marine?

A He was -- he played a role in Tidal Marine, yes.

Q Did he guarantee many of Tidal Marine's loans?

A I don't believe so.

Q Did you believe at that time that the National Bank of North America would loan money to Tidal Marine secured by charters to a company controlled by A. Ion Livas?

A I had no reason to think they would not do that.

Q You had no reason to think that the bank would be reluctant to accept security from the person they were lending money to?

A I don't follow you there, Mr. Glekel.

Q The question is this:

Did you think under the bank's policy it would accept charters under which the ship was chartered to the borrower as security for a loan?

MR. FLEMING: I object to the form of that question.

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THE COURT: Overruled.

Read the question.

(Question read.)

A I don't understand how a ship can be chartered to the borrower since the borrower is the owner.

Q A ship chartered to a company controlled by the borrower. Do you think the bank would accept that as security for a loan?

A I don't know what they would accept as security for a loan.

Q You didn't think the bank had any policy on that question?

A I didn't know what the bank's policy was.

Q Was Mark Scufalos at the closing?

A Yes, he was.

Q Who from Tidal Marine was at this closing?

A I don't recall whether Mr. Amanatides was there or not.

Q Isn't it a fact that no one from Tidal Marine was at this closing?

A I was at the closing.

Q Isn't it a fact that no officer or employee of Tidal Marine was at this closing?

A That is correct.

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Q Did Scufalos guarantee this loan?

A He did.

Q Did there come a time when you represented the borrowers at the National Bank of North America on two ships by the names of the May and the June?

A Yes, sir.

Q Were these among the 13 ships sold by Scufalos to Tidal Marine in March of 1971?

A I don't believe they were every actually sold to Tidal Marine. They were mentioned in the memorandum of agreement to purcahse.

Q They are included in the memorandum of agreement?

A They were originally, yes, sir.

Q Who did you understand to be the borrowers on the May and June loans?

A Mr. Livas and Mr. Scufalos.

Q Mr. Hanlon, isn't it a fact that Mr. Scufalos had just finished selling these ships?

A I don't believe he ever completed the sale of those ships.

Q If he did not complete the sale of these ships, isn't it a fact that he then owned the ships?

A He and Mr. Livas I understand owned the ships together.

Q Wasn't it represented to the bank that Mr. Livas and Mr. Scufalos were purchasing these ships?

A I don't know that that representation was made.

Q Were you at the closing of this loan?

A I believe that loan closed in two places, New York and London. I was not in London I was in New York.

Q Did you sign the loan agreement?

A Yes, I believe I signed the loan agreement and my partner, Mr. Sheneman, signed the mortgage papers in London.

Q Did you sign the assignment of charter hire?

A I don't recall, but I probably did.

Q Who were the ships on charter to?

A I think I was told Transoceanic.

Q Did Scufalos guarantee the loan?

A I believe he did.

Q The borrowers were May and June Corporations, isn't that correct?

A Yes, sir.

Q Who owned the stock of these companies?

A I understood that it was owned by Mr. Scufalos and Mr. Livas.

Q Who was represented to the bank as being the owenr of the stock in May Shipping Company?

A I believe it was Mr. Scufalos and Mr. Livas.

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Q Let me show you Government's Exhibit 34D for identification, which is part of Government's Exhibit 34 in evidence,which is the National Bank of North America legal file on May Shipping Corporation; and I ask you whether this refreshes your recollection as to who the owner was of the stock in the May Shipping Company as represented to the bank?

A This indicates Mr. Revinthis and Mr. Veniamis.

Q Did you make that representation to the bank?

A This is the schedule A attached to the interest equalization letter and I signed the interest equalization letter.

Q Mr. Hanlon, does that interest equalization letter which you signed, state that this attached schedule of stock ownership which you just read is accurate?

A It states that set forth in Schedule A hereto-- it certifies that the names and residents of its stockholders as set forth in Schedule -- are as set forth here in Schedule A.

Q It is you who certified this, is that not true?

A I signed that letter as attorney in fact, yes.

Q Who is Nick Revinthis?

A He was a partner of Scufalos.

Q Wasn't it a fact that as represented to the bank,

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this was a Scufalos loan?

A I thought it had been represented to the bank that it was a Livas and Scufalos loan.

Q Does Livas appear as an owner of stock in this corporation?

A Neither Livas nor Scufalos appear in this letter.

7A p.m.

hplt 1 Hanlon-cross

Q Was it your understanding that Scufalos was purchasing these ships at this time?

A No, it was my understanding it was refinancing.

Q Of ships he had previously purchased?

A Of ships he had mortgaged with the bank in London.

Q Were these ships that were mortgaged at the bank in London after Tidal Marine had purchased them?

A I don't know whether that purchase with respect to the May and June was ever actually put into effect, carried out.

Q Do you know it was not put into effect?

A I don't know for sure what happened to these two ships.

Q What was Tidal Marine's cash and financial situation in the spring of 1972?

A Well, I don't know.

Q Was there any reluctance on the part of the bank to loan further money to Tidal Marine?

A I don't know that, sir.

Q Mr. Hanlon, directing your attention to the spring of 1972, do you recall a loan on the Tagma for $3,200,000?

A Yes, I do.

Q Did you represent anyone in connection with this loan?

A Yes, I did.

Q What was the purpose of the loan?

A The purpose of the loan was to finance the purchase of the ship called the Santa Isabella.

Q Who was purchasing the ship?

A A company called Epidavros Shipping Company,ltd.

Q Who was the principal behind Epidavros Shipping Corporation?

A Mark Scufalos.

Q Was Mark Scufalos buying this ship?

A Well, the corporation was buying the ship.

Q Is that what was represented to the bank?

A Yes, sir.

Q And did you represent the borrowing corporation at the New York closing on this loan?

A Yes, I did.

Q Let me show you Government's Exhibit 22 in evidence.

Is that a letter which you wrote in connection with this loan?

A Yes, it is.

Q And did you write that to Mr. Tublin?

A I wrote this to Mr. Tublin, yes.

Q Was he an attorney representing the National Bank

of North America in connection with this loan?

A Yes, he was.

Q And did you write this letter in connection with providing documentation needed to close the loan?

A Yes, I did.

Q Does that letter represent that you are going to provide the bank with a certificate stating that Mr. Scufalos is the sole shareholder of Epidavros Shipping Corporation?

A Yes, it does.

Q Mr. Hanlon, weren't you fully aware at this time that it was Tidal Marine that was purchasing this ship?

A No, I was not.

Q Let me show you Government's Exhibit 408 in evidence and ask you, Mr. Hanlon, whether you recall writing this letter.

A Yes, I remember writing this letter, but it doesn't bear my signature.

Q Do you recall writing it?

A I dictated it.

Q Was your signature put on by your secretary?

A Yes, it was.

Q At your instructions?

A Yes.

MR. GLEKEL: Your Honor, I would like to read a

portion of this letter to the jury, Government's Exhibit 408.

(Mr. Glekel read to the jyry from Government's Exhibit 408 in evidence.)

Q Mr. Hanlon, who was Costas Nasls in June of 1972 --

A He was -- I'm not certain if he was still an officer at that time in Tidal Marine or any of its subsidiary corporations.

Q Was he working in Tidal Marine's offices?

A He was present on occasion.

Q Isn't it a fact Tidal Marine was using Scufalos as a front to borrow more money for Tidal Marine?

A I have no knowledge of that.

MR. GLEKEL: No further questions, your Honor.

REDIRECT EXAMINATION

BY MR. FLEMING:

Q Mr. Hanlon, were the May and June originally owned by Union Commercial Steamship Company?

A They were managed by Union Commercial Steamship Company.

Q Were they originally to be included in the March 2, 1971 sale of the group of ships to Tidal Marine?

A They were referred as two of the twelve ships.

Q Did a problem arise in that connection?

A I was advised a problem did arise.

Q What was that problem, to your recollection?

A The problem was that these ships had Cuban charters and therefore could not be financed in the United States.

Q Was there a problem also on trading with the enemy basis with American corporations owning them?

A Being involved, yes.

Q Because of that problem, were two ships substituted for the May and the June to your recollection?

MR. GLEKEL: Objection as leading, your Honor.

Q What happened as you understand it?

A Two ships were supposed to be substituted and I know one of those two ships did become a Tidal Marine ship.

Q What were the names of those two ships that were to be substituted?

A The names as indicated was the Timi and the Trechon.

Q Whose ships were those, as you understood them?

A I knew the TRechon was the Kyrilion, which was a ship Mr. Livas and Mr. Papageorgio had an interest in.

Q To your knowledge, did Livas get anything?

A I had understood that Livas --

Q What did he get in --

A That he got an interest in the May and the June.

Q Let me show you Defendant's Exhibit D.

MR. FLEMING: May I read part of Defendant's Exhibit D to the jury, your Honor?

THE COURT: Yes.

(Mr. Fleming read to the jury from Defendant's Exhibit D in evidence.)

Q The Sandra N, was that one of the original Scufalos ships?

A Yes, it was.

Q The Trias?

A That was one also.

Q The Despina N?

A Yes.

Q The Semira?

A Yes.

Q The Angelica?

A Yes.

Q The Mersinidi?

A Yes.

Q The Marina?

A Yes.

Q The Capetan Pantelis?

A Yes.

Q The Triton and the Timi?

A They were not.

Q Are those the two that were swapped, to your understanding, for the May and the June?

A That is what I understood.

Q Because of the Cuban charter problem?

A That's right.

Q As a matter of fact, though there was a financing on the May and the June with Williams & Glyn's, wasn't there?

A I understood there was.

Q That was arranged by Mr. Scu alos?

A I believe it was.

Q Am I correct that your firm had no work whatsoever to do with that financing?

A There were three ships involved in that financing My partner, Mr. Sheneman, was involved with the Capetan Pantelis, and not the other two ships.

Q As a matter of fact, am I correct that the two companies which received loans on the May and the June were May Ltd. --

A The only companies were May Shipping Company and June Shipping Company.

Q Was the caption "Limited"?

A I believe it was.

Q Is "Limited" a British name for a corporation?

A It tends to be.

Q Had you formed either of those corporations?

A No, I had not.

Q Let me show you what you were not shown on your cross, and that is the Schedule A, the addendum to the equalization tax letter on the June Shipping Company, Ltd. refinancing at National Bank of North America.

Does it set forth the names ofthe shareholders of that corporation?

A Yes, it does.

Q What are the names as set forth there?

A Mark Scufalos, A. Ion Livas.

Q You didn't see that on your cross, did you?

A I saw a different Schedule A on my cross examination.

Q You saw a Schedule A of the May, is that right?

Never mind the record is there.

THE COURT: Are you withdrawing the question?

MR. FLEMING: I am withdrawing the question unless he can find it quickly.

I withdraw that question.

Q They showed you a Schedule A and it had Revinthis'

name on it?

A Yes.

Q Was it your understanding of that May and June transaction at the Bank of North America in 1971 there was a refinancing by Scufalos and Livas?

A Correct.

Q That was the problem that had arisen because of the Cuban charter; is that your understanding?

A Correct.

Q The six-ship loan, Mr. Glekel asked you if Mr. Scufalos had guaranteed the six-ship loan. Had he guaranteed the six-ship loan?

A Yes, he had.

Q Had Harry Amanatides guaranteed the six-ship loan?

A Yes.

Q Were those six ships taken in individual companies?

A Yes.

Q Were each of those companies named after a star?

A Yes, they were.

Q Had each of those companies been formed by you?

A Yes, they were.

Q Were corporate resolutions prepared for each of those companies?

A Yes, they were.

Q Were the officers set forth in the corporate resolutions related to Tidal?

A Yes, they were.

Q Did you consider it to be a Tidal financing?

A yes, I did.

Q Did Mark Scufalos ever tell you that he had lunch with Joe Metzger and said, "Joe, put this forward as a Scufalos loan"?

A No, he did not.

Q In fact, he so testified he did not, is that right?

A I believe he did testify that way.

Q You were asked whether you weren't aware of a lending limit in August of 1971. Do you recall that question.

A Yes, I do.

Q As a matter of fact, didn't the Bank of North America lend money to Tidal in September on the Trechon?

A yes, they did.

Q Do you recall the date of the Trechon financing?

A Some time in September, but I don't recall the exact date.

Q September 28, 1971, would that be right?

A That refresh es my recollection, yes.

Q Almost two months after the six dry cargo loan,

is that right?

A That is right.

Q You were questioned about the transfer of the Pisces and Aries stock to Galaxy.

A That is correct.

Q On December 24, 1971, when Harry Amanatides told you that Union Commercial Shipping Company was the owning company of the Aries and the Pisces, on your oath, did you remember that transfer a year ago?

A No, I hadn't.

THE COURT: Transfer a year ago? Is that what you said?

MR. FLEMING: The year before.

THE COURT: You mean in 1975?

MR. FLEMING: A year before December 24--

THE COURT: I am trying to help you correct your record.

MR. FLEMING: I appreciate it, your Honor.

Q On December 24, 1971, when Amanatides told you that Union Commercial Shipping Company was the owner of the Aries and Pisces, when you as you testified on your direct examination wrote that to your recollection on the equalization addendum or at least told Mr. Martin about it, at that time, did you recall that a year prior to that date the stock

of the Pisces and the Aries had been transferred to Galaxy?

A No, I did not recall that.

Q Can you tell us when you first remembered that the stock of the Aries and the Pisces had been transferred to Galaxy in 1970?

A Yes, when my secretary was here and testified that she had written in the stock transfer books about the transfer to Galaxy.

Q At this trial?

A At this trial, yes.

Q The Tropis, the Tekton and the Tachys, those were three vessels which originally had been purchased from Karageorgis, is that correct?

A That is correct.

Q And they were refinanced at the Bank of North America, two of them, on December 24, 1971, and the third was not a refinancing, the Tachys, that was a sale by Panayotopulos?

A That's right.

Q And that was February 4, 1972?

A That is correct.

Q Had you been told that each of those three ships had a five-year BP charter on them?

A Yes, I had been so told.

Q Did you believe that to be true?

A I certainly did.

Q Mr. Glekel said to you, "Didn't you know that a year before they only had a three-year charter on it?"

A He did say that.

Q That was in connection with the Bank of America original finance, is that right?

A That's correct.

Q Did you know that a year prior to the transaction at the Bank of North America?

A I believe I did.

Q When you were told that the charters on the Tekton, the Tropis and the Tachys a year later, were five years, what did you believe?

A I believed that they had increased the term of the charter party with British Petroleum Tankers.

Q Did you cross examine Harry Amanatides about it?

A I did not.

Q Do you have any recollection of instances where BP charters had been increased?

MR. GLEKEL: Objection, your Honor.

A I have a recollection.

THE COURT: Sustained. Strike out the answer.

Q To your recollection, aside from these three ships

and these three charters, were any BP charters extended in time after negotiation with Tidal?

A Yes.

Q What is your best recollection what these two ships were?

A The Ionic King and Ionic Queen.

Q Did you hear Mr. Martin testify at this trial that he had determined after the Tachys transaction, that is, after the closing of the loan to Panayotopulos which financed the acquisition by Panayotopulos of the Tachys, do you recall Mr. Martin testifying that he discovered that there was no charter on the Tachys?

A Yes, I recall it.

Q He was the attorney for the bank?

A Yes, he was.

Q Did he ever tell you that he had discovered there was no charter on the Tachys?

A He never told me that.

Q In fact, he testified he never told you that, didn't he?

MR. GLEKEL: Objection, your Honor.

A I believe he did.

THE COURT: Sustained. Strike out the answer.

Q Did you hear J. Peter Flemming testify that he

had found out there was no charter on the Tama?

THE COURT: Mr. Fleming, this is not an occasion for recital of other testimony. The jury's recollection of other testimony will suffice.

Q Did Joseph Peter Flemming ever tell you that he had found out that there was a problem with the charter on th Tama?

A No, he did not.

Q Did he ever tell you that he found out there was no charter on the Tama?

A No, he did not.

Q Was he the attorney for the bank?

A Yes, he was.

Q Had you and Mr. Sheneman and Mr. Huerta found the Petrolasa?

A Yes.

Q Had Mr. Sheneman's company obtained the right to purchase the Petrolasa?

A Yes.

Q And negotiated a purchase price with the seller?

A He did.

Q Had Captain Huerta said in his view the vessel was worth $6,000,000?

A I believe a figure like that.

Q And that ship then was sold to a Tidal Marine subsidiary, is that right?

A Yes, it was.

Q West Short Tankers right to puchase the ship at the 3.5 million dollar price, whatever it was, was assigned to Deneb?

A Assigned to Deneb.

Q And was that the consideration for the $750,000 which was split 325 to Kowloon, 325 to West Shore and $100,000 to Captain Huerta?

A That's correct.

Q You were questioned about a conversation with Mr. Sheneman about Southeast losing ownership of the Aquario. Do you recall that questioning?

A yes, I do .

Q Did Sheneman's concern have to do with the charter, if ownership changed?

MR. GLEKEL: Objection to the question, your Honor.

THE COURT: Sheneman's concern?

Q Do you recall what Shenemar. expressed to you about that?

A He said that he had heard from Captain Huerta who was upset because he read in the Lloyd's of London Ship

Registry Book that Tidal Marine had become the owner of the tanker Aquario.

Q Did he express any concern that that would affect the charter?

A Yes. That was the cause for the concern.

Q What is that concern?

A Well, if you had a different owner of record than the one who signed the charter party, the charter party would be cancelled.

Q What did you tell Mr. Sheneman?

A I told him it was wrong. Southeast was still the owner of the tanker Aquario.

Q And it had been the shares?

A That's right.

Q And did that satisfy Sheneman?

A Yes.

Q Did you thereafter have a conversation with Mr. Amanatides about the stock?

A Yes, about the same time, the month of May.

Q You were questioned about one of your partners asking you whether you owned any interest in a Tidal Marine investment?

A Yes.

Q You owned an interest in the Aquario?

A That's correct.

Q When you owned an interest in the Aquario did Tidal Marine own an interest?

A No.

Q Did Amanatides personally?

A I believe he did.

Q After the January 15th refinancing of the Aquario did you own an interest in the Aquario?

A No.

Q Did Tidal Marine then?

A Yes.

Q You were questioned about a letter from Mr. Flemin asking you for information for paragraph 1G of the loan agreement, I guess, of the Aquario. Do you recall that questioning?

A Yes, I do.

Q Do you yourself have an original of that loan agreement, Mr. Halon?

A I probably do, somewhere.

Q This is part of Government's Exhibit 42; is this the loan agreement as you recall it, or a copy of it?

A Yes, it is.

Q Let's go to paragraph 1G. Here is paragraph 1, on the first page and paragraph 1G; page 5.

A Yes.

Q Am I correct it read in typing "The vessel is performing under that three and one year and three and one year is typed, time charter of the vessel to, and then there are handwritten inserts as to the identification of

the charterer, is that right?

A That's correct.

Q Dated June 1, 1971, and that's typed?

A Typed.

Q And then it is typed the Aquario charter performance which commenced on, and then handwritten in, August 17, 1971.

A That's right.

Q Do you recall who made those handwritten entries?

A Mr. Fleming.

Q Do you recall from what he made them?

A From information I gave him at the closing.

Q What was that information?

A He had the wrong name down for the shell and he didn't have the date on which the charter had commenced.

Q What did you give him at the closing?

A I gave him the certificate certifying the charter party and the charter party.

Q Charter attached?

A Yes, sir.

Q Mr. Fleming asked you some questions about that charter party. Did you testify that the charter party which the bank in fact received, did have the name Aquario where on the original party it was the Dedone?

A That's correct.

Q Did you testify that the charter party which the bank received did have a term of three and a half years rather than the three years nine months -- I'm sorry, two years nine months which you knew the original charter had included?

A That's correct.

Q So is it fair to state that as a matter of fact the charter which the bank received on the Aquario was not the charter which you knew existed on the Aquario?

A That's right.

Q Did you know it at the time?

A No, I didn't.

Q Did you read it?

A No, I didn't.

Q And you are telling the truth now?

A Yes, I am.

Q On your oath?

A Yes, sir.

Q On these bills of sale, the Brent and the Thorhild, there was one file which showed the same vessel from the Norwegian company to the Brent, to Brent Corporation, or whatever it was-- to Brent, I will say, for seven hundred and some odd thousand dollars, is

that right?

A That's right.

Q There was another bill of sale which showed the sale from Brent to Southeast Tankers for a million three?

A That's right.

Q You filed both of those bills of sale, did you not

A I did.

Q Did you prepare a single false bill of sale showing a sale from the Norwegian company directly to Southeast Tankers for $1,300,000?

A No, sir.

Q You filed both bills of sale?

A Both bills of sale.

Q Matters of public record?

A Yes, sir.

Q You were asked about going to Greece and seeing Mr.Amanatides; have you seen Mr. Amanatides since this indictment has been filed?

A I have not.

Q Mr. Glekel referred to Mr. Amanatides as a fugitive when you saw him. To your knowledge when you saw Mr. Amanatides in Greece--

MR. GLEKEL: Objection, your Honor. I didn't

refer to him as that.

THE COURT: I think you are mistaken about that. That didn't occur during the trial before the jury.

MR. FLEMING: I apologize, your Honor.

Q When you visited Mr. Amanatides in Greece, to your knowledge was there any indictment outstanding again Mr. Amanatides?

A Not that I was aware of.

Q Was there any criminal complaint outstanding against Mr. Amanatides emanating out of this investigation that you were aware of?

A Not that I was aware of.

Q Was there any warrant outstanding for Mr. Amanatides' arrest?

A Not that I was aware of.

Q Were you still his attorney?

A Yes.

Q Had you received a subpoena as his attorney for the production of Tidal Marine records here in New York?

A Yes, I did.

Q Were you in possession of those records?

A Yes, I was.

Q Did you produce them to the grand jury?

A Yes, I did.

Q Did you destroy any?

A No.

Q What did Amanatides tell you about the fraud when you visited him in Greece?

MR. GLEKEL: Objection, your Honor.

THE COURT: Sustained.

Q When you spoke to Amanatides in Greece was that the first time you knew, became aware of or suspected that there had been a fraud at Tidal Marine?

A Yes.

Q Did you try to persuade Amanatides to come back to this country?

MR. GLEKEL: Objection, your Honor.

THE COURT: Sustained.

Q You testified you spoke to Mr. Amanatides three days ago on the telephone?

A That's right.

Q Did you place the call?

A Yes, I did.

Q What did you talk about?

A I told him that the government had rested its case and the defense was about to start.

Q Did he evidence any concern about his nephew?

hph 8 Hanlon-recross

A Yes, he did.

MR. GLEKEL: Objection, your Honor.

THE COURT: Objection is sustained. Strike out the answer.

MR. FLEMING: That is all I have, your Honor.

(Note handed to Court)

THE COURT: The answer to your question is yes. What was was, and is. Pass the note down.

RECROSS EXAMINATION

BY MR. GLEKEL:

Q Mr. Hanlon, when were the Ionic ships purchased?

A I believe the Ionic King was purchased in about November, 1970, I believe. And the Queen I think was purchased a few months thereafter.

Q I believe you testified that the loan of the Trechon closed at the National Bank of North America in September, 1971, is that correct?

A Yes, 1971.

Q Is it a fact that the loan committee approved that loan back in August?

A I believe the end of August they approved it.

Q Do you recall testifying on redirect examination that you, Mr. Sheneman and Captain Huerta found the Trechon?

A I did say something to that effect, yes.

Q Please tell the jury exactly what you did to find the Trechon?

A Well, I found a purchaser for the Trechon.

Q You didn't find the Trechon, did you?

A No.

Q In connection with the May and June loans, did you have any contact with Mark Scufalos?

A I don't believe so.

Q Was Mark Scufalos at the closing of the May and June loans in New York?

A Not that I recall.

Q Was A. Ion Livas at that closing?

A I don't think he was.

Q You stated that Harry Amanatides provided a guarantee on the six dry cargo loan?

A That's correct.

Q Isn't it correct that this guarantee was provided at the request of Mark Scufalos and was not a condition of the loan closing?

A I don't know at whose request it was provided.

Q Is it a fact that it was not a condition of the loan closing?

A It was not mentioned in the loan agreement.

Q Does that mean it was not a condition of the loan

closing?

A I wouldn't say that, no.

Q Was Scufalos' guarantee mentioned in the loan agreement?

A Yes, it was.

MR. GLEKEL: I have no further questions, your Honor.

REDIRECT EXAMINATION

BY MR. FLEMING:

Q Huerta located, found the Petrolasa?

A He physically found the ship.

Q And he called Mr. Sheneman about it?

A Correct.

Q And he called you about it?

A Mr. Sheneman called me.

Q And you went to Amanatides with it?

A That's correct.

MR. FLEMING: I have nothing further.

THE COURT: You may step down.

MR. GLEKEL: I would like to offer one exhibit, your Honor, marked for identification, Exhibit 1228 for identification.

MR. FLEMING: No objection.

THE COURT: Received without objection.

(Government Exhibit 1228 received in evidence.)

(Witness excused)

MR. FLEMING: We have two stipulations we would like to read, your Honor.

THE COURT: Yes.

MR. FLEMING: There are two stipulations here, member of the jury. They are captioned in this case. They are stipulated by the defendants by me as their counsel and by Mr. Glekel, representing the plaintiff, United States of America. The first stipulation is that the passport of John Shevlin establishes that he, Shevlin, went to Barbados on February 18th, 1972.

The second stipulation, again between the parties here, and signed, states that if the special agent who was present at the initial interview of Joyce Walker was called to testify as a witness at this trial, that special agent of the Federal Bureau Investigation would testify that he was present at the interview and to the best of his recollection at that time Joyce Walker said that she personall had retyped earning figures for Harry Amanatid which he had corrected.

With that, your Honor, the defense rests.

THE COURT: Rebuttal?

MR. GLEKEL: Your Honor, the government just has

one exhibit to offer, 1503 for identification.

MR. FLEMING: No objection.

THE COURT: Received without objection.

xx (Government Exhibit 1503 received in evidence.)

MR. GLEKEL: Your Honor, the government rests.

THE COURT: Ladies and gentlemen, that means that you can rest. The case is now concluded so far as the taking of the evidence. We will now recess the trial until Monday morning at 10 o'clock. At that time each of the lawyers will give his closing statement setting forth what he believes has been shown by the evidence. That will be followed by my instructions to you as to the legal principles that are to guide you in your deliberations. When that has been completed the case is in your hands for decision. Let's hope that that will be accomplished on Monday. I say that because we did suggest ten trial days would be the time factor involved. Actually I think we are running slightly ahead of time. You are now excused. I hope you all have a pleasant weekend. Bear in mind, however, that your services as jurors are required on Monday next week and please don't do anything which would impair your ability to get here at that time, including colds, et cetera.

Good night.

(Jury left)

THE COURT: Motions?

MR. FLEMING: Your Honor, we repeat the motion which we made at the close of government's case. I will stress particularly the motion we made with regard to Mr. Katritsis. He testified, and was cross-examined very briefly. It seems to me no additional evidence of wrongdoing on his part is elicited. I think on the record as a whole especially with regard to those counts against Mr. Katritsis the record is absent evidence of guilty knowledge on his part and I believe his own testimony establishes the good faith in which he acted and establishes that his testimony as to his good faith was not impeached on cross-examination.

THE COURT: Motions denied.

Just some housekeeping items. I have gone through the memorandum which Mr. Sprizzo submitted in respect to the requests to charge submitted by the government and that memorandum.

In that memorandum he blocked out the only statement to which the defendants have taken exception. I think substantially all of the suggested exclusions will be made in the charge to be delivered. The minor peripheral statements that still remain in the government's charge merely represent an overrun of requested exclusion and really don't change the force and purpose of the exclusions.

I have also drafted a proposal for charge in connection with the aiding, and abetting problem, and I will read that to you this afternoon in the robing room for your consideration and hopefully approval.

Many of the ~~extensions~~ exclusions suggested in the requests of the defendants on the boilerplate charges have been incorporated with the government's charge, or substituted. Those boilerplate suggestions I do not believe in any way go beyond or vary from the legal effect or outline of the government's proposed charges. So that in some nature there has been a manner of the boilerplate requests, but basically the charge is as proposed by the government on the subjects they listed in their requests with the ~~extensions~~ exclusions that were suggested to the degree as I have already indicated.

I take it there are no further requests on either side and that I now have everybody's requests and can start pruning down the charge.

MR. SPRIZZO: Your Honor, only one more possible charge. I didn't realize the government asked for a charge on false exculpatory statements and--

THE COURT: I have a very simple form on that subject which I will follow.

MR. SPRIZZO: Then I won't bother submitting it, I guess. The only question we have unresolved here is

whether we still want the aiding and abetting charge to be given. Your Honor made a suggestion maybe we didn't and I have been thinking about it for a couple of days. Our basic position, I think was the government had to elect and I think your Honor disagreed with that contention -- our basic issue was, the government had to choose. I would like to talk to Mr. Fleming about that, about not having any charge at all.

THE COURT: I think upon due reflection you will find that the subject is not one for election but selection, and that a jury is privileged to find unanimously on either branch of the aiding and abetting or find both providing they find unanimously on either or both, and that is not a process of election and exclusion. That is a process of selection. That's a process of selection and inclusion, and the basic charge as it has always been given in the court, even in your time as an Assistant United States Attorney, if I remember any that were submitted under your respective agencies, was the simple form. I think I will go over it with you in the reading room right now so that you have it before you. If you want to fall back on the standard form, that's your choice and I can go back to the standard form but I think I have accommodated what I think you may have had in mind and that may have the unfortunate effect

of your having requested something that will grind in somethi
that ought not to be ground in. You may have called to my attention something that ought to be done hereafter.

MR.FLEMING: Your Honor, are you requesting on the interest of a defendant when he testifies?

THE COURT: I think that's in the blanket form of instruction that I give. That part of the charge, I will tell you right now, will come at the tail end instead of the beginning because everybody will have forgotten what the function of a jury is by the time they listen to the various charges.

MR. FLEMING: A couple of trials ago I had a judge instruct about the interest of a defendant and did not add what I always considered to be the boilerplate. Simply because a defendant has a stake--

THE COURT: My standard charge is always on both sides. I will give you that so you can read it. We will stand at recess until Monday morning.

(In the robing room)

THE COURT:I propose that the charge on aiding and abetting shall be in the following form: "The defendants are charged in several counts of the indictment under the information under the aiding and abetting statute. The defendant Naslas, the only person named in the information, is

charged with having aided and abetted a violation of Section 215 of the federal statute we are presently consideri Any person who commits the acts that the aiding and abetting statute declares to be a crime of course commits a crime. It is also a crime not only to commit the illegal act to which I have just referred but also cause a crime to be committed or to aid or abet or procure or induce another person to commit such a crime. That is based on the aiding and abetting statute which states "Section 2, principals (a) Whoever commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission is punishable as a principal. (b) Whoever wilfully causes an act to be done which is directly performed by him or another would be an offense against the United States is punishable as a principal. To determine whether a defendant aided and abetted the commission of an offense you ask yourselves these questions: Did he associate himself with a venture, did he participate in it as something he wishe to bring about, did he seek by his actions to make it succeed. If he did, then he is an aider and abettor."

MR. SPRIZZO: May I suggest, your Honor, "Did he knowingly".

THE COURT: All right, I will change that to "knowingly." I am changing it "knowingly and wilfully" "To

determine whether a defendant aided and abetted an offense you ask yourself these questions: Did he knowingly and wilfully associate himself with the venture. Did he participa in something he wished to bring about, did he seek by his actions to make it succeed. If he did, then he is an aider and an abettor. In its case against defendant Naslas the Government's commissions count 3, 4 and 5 of the information, the government contends that it has shown beyond a reasonable doubt that Naslas violated both branches of this aiding and abetting statute which I have identified as subdivisions A and B. In reaching your verdict, however, you must decide whether or not the government has proven Section A; or Section B; considered separately, that is, independently or both beyond a reasonable doubt or whether the government has failed so to prove either section. You must make the same type of decision with respect to each count as to whi the government is charging a violation of the aiding and abetting statute. Is there any objection to this draft of aiding and abetting on the part of the government?

MR. SPRIZZO: We will withdraw our demand for special request. I think I will take your advice, Judge, just to give a general charge. That will be satisfactory.

THE COURT: Then, are both sides satisfied with the proposed charged on aiding and abetting for all counts involve

as I have read it to you, before we get to the paragraphs which start "In its case against defendant Naslas" and end up with the words "whether the government has failed to prove either section."

MR. FLEMING: I think it should be with the criminal venture, Judge.

MR. SPRIZZO: With the venture charged.

THE COURT: With the venture charged.

MR. FLEMING: Or the criminal venture charge, your Honor, wouldn't that be correct?

THE COURT: "Charged as criminal."

MR. GLEKEL: The government would request that this one sentence starting with the word "It" and ending with the word "offense" be included.

THE COURT: I will include "It is not necessary for the conviction of the defendant on any of the substantive crimes charged in either the information or the indictment that you find that he ever did any particular act necessary to complete the offense."

Gentlemen all I want to know is, having seen and heard the charge on aiding and abetting, we now agree it should be given as I have read it to you.

MR. SPRIZZO: Yes,sir.

MR. GLEKEL: The government agrees.

MR. FLEMING: Thank you, your Honor.

THE COURT: As long as we are agreed on the aiding and abetting, then I have eliminated, as I have said, the things that are covered in the defendants' objections to the government's requests to charge which will be marked as Government's Exhibit 20. The charge is no longer controversial and I will not exclude any portions of the government's charge other than the portions already noted for exclusion by Court's Exhibit 20, except to eliminate verbiage and amanuensis.

xx (Government's Exhibit 20 received in evidence.)

(Time noted: 5:30 P.M.)

1550a

nlon

WITNESS INDEX

Name	Direct	Cross	Redirect	Recross
James D. Hanlon (Resumed)	1219	1288	1377 1400	1398

EXHIBIT INDEX

Defendant	Identification	In Evidence
AA	1251	1251

Government	
1228	1401
1503	1402
20	1410

Pollack

UNITED STATES OF AMERICA

v. 75 Cr. 515

JAMES D. HANLON, COSTAS NASLAS and PAUL KATRITSIS

New York, New York
June 14, 1976 - 10 a.m.

- - -

(In open court - jury present.)

THE COURT: Good morning, ladies and gentlemen.

Mr. Fleming, you are sending a note up?

MR. FLEMING: Yes, sir.

THE COURT: The note is marked Court's Exhibit 15. The trial record is closed. In view of the inability of the parties to reach mutual agreement, there is nothing for the Court to do.

Mr. Glekel.

MR. GLEKEL: Thank you, your Honor.

THE COURT: The other day, in connection with the matters relating to the requests to charge, I have marked as Court's Exhibit 20, the defendant's memorandum. I would like to have it physically noted on the record.

(Court's Exhibit 20 was marked.)

MR. GLEKEL: May it please the Court, ladies and gentlemen of the jury:

At the outset, I would like to thank you on behalf

of the government, for the strict attention that all of you have been paying throughout the course of these proceedings. Although they may have been a bit tedious at times, I am sure you are well aware why this strict attention has been necessary. I am sure also that that attention has been rewarded by a good understanding of the basic themes of the matter before you.

At the beginning of this trial, the defendants' attorney told you that these three defendants pled not guilty because they didn't know about the fraud which was going on. "We plead not guilty," Mr. Fleming said, "because we didn't know."

Now, after all the evidence is in, let us see exactly what these three defendants knew and exactly when they knew it.

Now, this case has been about misrepresentations made in connection with obtaining millions of dollars of loans. It has been about misrepresentation, and fraudulent and false statements.

I think it is important, however, to be clear at the outset that we are not concerned here with misstatements about insignificant matters buried deep in loan agreements or other documents. What we are concerned with is misrepresentations concerning the matters most important to banks in

SOUTHERN DISTRICT COURT REPORTERS, U.S. COURTHOUSE
FOLEY SQUARE, NEW YORK, N.Y. -- 791-1020

deciding whether to loan millions of dollars; misrepresentations concerning matters such as the existence of charter parties, the principal security for loans; misrepresentations concerning the purchase price of the ships in question, which is one of the main grounds banks have for deciding how much money to loan. And, misrepresentations concerning the identity of the borrower, which I believe one of the witnesses, Mr. Bachman from the National Bank of North America, told you was perhaps the most essential factor relied upon by banks in making loans.

Nor is this case concerned with defendants who were asked to sign strange documents containing matters with which they were totally unfamiliar and had no experience concerning it.

This case is concerned with James Hanlon, a graduate of the Harvard Law School, an experienced admiralty attorney, who spent 95 percent of his time during a two or three year period working on Tidal Marine matters and for all practical purposes was Tidal Marine's attorney.

This case is concerned with Costas Naslas, who actually ran the Tidal Marine ships on their charters and headed Tidal Marine's New York office.

This case is concerned with Paul Katritsis, the nephew of Harry Amanatides and his protege in the shipping

business, the person in whom Harry Amanatides confided and trusted with confidential matters which he would not discuss with anyone else.

Now, with this in mind, let's turn to the evidence in the case.

The first transaction with which we are concerned with concerns a ship by the name of the Trechon and once again, as I go through this you might find it of some use to refer to this chart, which at least indicates the vital statistics of the loans in question.

I think most of the facts concerning the Trechon transaction have been virtually uncontested at this trial. Captain Huerta told you that Sheneman approached him concerning the availability of a ship for purchase. Sheneman said he was unable to raise money himself for the purchase and asked Mr. Hanlon's assistance in finding someone who could raise the money required.

As Mr. Hanlon admitted, he then contacted Harry Amanatides who said he would have Tidal Marine purchase the ship and take measures to raise the funds necessary to pay the seller the purchase price.

Now, the purchase price, as you have heard, was originally $3,500,000 and then reduced to $3,385,000. And, as Mr. Hanlon admitted, which he had to, he was well aware of

the purchase price of this ship at the time the contract was entered into.

You have also heard that the ship was actually purchased by a subsidiary of Tidal Marine, Deneb Corporation, which was substituted as the purchaser from the original seller.

Now, at the time of this purchase, a very interesting thing happened. You will recall that Mr. Hanlon represented Tidal Marine in connection with obtaining a $4,000,000 loan from the Bank of America, and you will recall this loan was supposedly for the purpose of financing the purchase of the Trechon.

Now, you may ask yourselves why a bank would loan $4,000,000 to finance the purchase of a ship which only cost $3,385,000. Well, you heard the answer from one of the very early witnesses in this case, I believe the first, Dennis Bustard, from the Bank of America, London.

As he told you, the purchase price was represented by Tidal Marine as being $5,500,000.

You might also ask yourself why did Tidal marine need a loan of $4,000,000 to purchase a ship which cost $3,385,000. Well, the answer is very simple:

$325,000 of the proceeds of this loan was needed to pay off James Hanlon for his services in perpetrating

fraud in connection with this loan and in connection with other loans. This $325,000 went directly from the bank to Mr. Hanlon's Irving Trust bank account, an account held in the name of Kowloon Tank Ship Corporation.

(Continued on the next page.)

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And, you heard from Mr. Hanlon himself how he formed this corporation in the fall of 1970. I think it is quite clear the purpose of forming this corporation was strictly and only to take possession of this $325,000 that he received in connection with this fraudulent loan.

Now, Mr. Hanlon's claim which you heard on Friday, in connection with the Trechon, is very simple. He says that at the time he closed this loan, he did not know that it had been represented to the Bank of America in London that the purchase price of the ship was five and a half million dollars. He says he did not know that any representation had been made as the purchase price other than the true one, that is, the purchase price of $3,385,000.

I submit to you that Mr. Hanlon's claim in that respect is not worthy of your belief.

In the first place, as Mr. Hanlon well knew, no bank would loan an amount of money in excess of the amount or even close to the amount that the seller had just finished selling the ship for, and the reason for this is obvious: that is the price for which the seller is willing to part with the ship is a good indicator of what its value is.

Secondly, and I think even more importantly,

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Tidal Marine had just entered at that time into what is called a line of credit agreement under which the Bank of America agreed to finance four Tidal Marine ship purchases. It was a condition of this line of credit agreement, however, that no single loan would be for more than 75 percent of the purchase price of the ship.

Now, the Trechon was the first of those four ships, the first of the four ship loans made by the Bank of America pursuant to this line of credit agreement.

Now, when he was questioned on this matter, Mr. Hanlon responded that although he was Tidal Marine's attorney for ship financing matters and spent 95 percent of his time on Tidal Marine matters, he never saw the line of credit agreement prior to receiving copies of the government exhibits in connection with this trial.

He also denied any participation at all concerning the drafting of the line of credit agreement or even of any awareness of its terms.

If you recall, on cross-examination Mr. Hanlon was shown a letter dated January, I believe January 4, 1971, from the Bank of America's attorneys in London enclosing an actual copy of a line of credit agreement. And you will recall that document set forth the terms the bank would loan no more than 75 percent of the

purchase price of any one ship.

As you recall, it was only at that time that Mr. Hanlon finally admitted having received a copy of the line of credit agreement. And, I think you can be quite sure that that letter from the Bank of America's attorneys did not come out of the blue; that the bank had very good reasons to write to Mr. Hanlon concerning this line of credit agreement and that as Tidal Marine's attorney, James Hanlon was fully familiar with the existence and at least the basic terms of the line of credit agreement with Bank of America, and he knew very well that the bank would not loan $4,000,000 if it exceeded 75 percent of the purchase price of the ship.

In other words, what Mr. Hanlon knew is that there was just no way the Bank of America would loan $4,000,000 to Tidal Marine unless it had been represented to them that the purchase price of that ship was at least five and one-third million dollars, for the simple reason that $4,000,000 is 75 percent of five and one-third million dollars and if the Bank of America thought the ship had been purchased for anything less, the loan amount would have been accordingly reduced.

Now, the next transaction we are concerned with concerns four ships: The Harilion, Krilion, Ilion and

hph 4

Marilion, which I think I will refer to just as the ION ships for short.

You recall Mr. Hanlon also represented the borrowers in connection with this loan, which was bought for $2,200,000, $550,000 on each individual ship.

You will recall both Mr. Bachman, senior vice president of the National Bank of America and John Shevlin, one of the officers in the ship loan department at the time, testified that this loan was based upon a representation to the bank that the four ships had been purchased for $2,700,000 collectively. They also relied upon a representation that the ships were on charter, one to Unimar Sea Transport GMBH, which we'll call Unimar for short, one to a firm called Mitsui Lines or Mitsui OSK. Another on charter to Port Line/Blue Funnel and another to Japan Lines.

The charts with respect to this loan in reference to Mr. Hanlon is quite simple. It is that he knew at the time he began working on those loans that both the representations concerning the purchase price of the ships and the representations concerning the existence of those charters were false and fraudulent.

Now, I think at the outset it is important to be clear that Mr. Hanlon did much more in connection

with these loans that just show up at the closing with a bunch of documents. He billed $2,700 in connection with each of those loans, a total of $10,800. He told you his billing rate was about approximately $100 an hour. This would mean that he spent some 108 hours on those four ships.

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That's close to three weeks of his working time, of constant working time, assuming he worked on no other matters for that period.

You also heard the testimony of Constantine Mattheo, the Greek attorney, who testified that he did certain translations and other work in connection with this loan on instructions from Mr. Hanlon and dealt with Mr. Hanlon in connection with the loan.

As you recall, the purpose of this loan was to finance the purchase of these four ships, the ION ships, by A. Ion Livas and certain other related individuals.

I think the question you have to ask yourselves is whether it is possible -- is it conceivable that Mr. Hanlon did not know what the purchase price of these ships was when that was exactly what this loan was about.

Also ask yourselves whether in light of the fact that Mr. Hanlon dealt with the bank's lawyers every day, whether it is possible, whether it is conceivable that he did not know what the bank thought the purchase price was.

Ask yourselves whether Mr. Hanlon thought it was possible that the National Bank of North America was loaning $2,200,000 in connection with the purchase of the ships that had been purchased for $2,100,000, an

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amount less than the loan amount.

Did he think this was possible under the National Bank of North America's pending policy?

Actually, however, you really don't have to draw any inferences at all concerning Mr. Hanlon's state of mind in reference to this transaction.

You recall that the real price was $2,100,000. The seller of the ships was a corporation by the name of Scindia Steamship Company of Bombay, India.

Mr. Hanlon admitted from the witness stand that the ships were purchased from an Indian company, as he put it, though he said he could not recall its name.

Interestingly enough James Hanlon formed a Liberian shell corporation by that same name just before the closing of the loans of these four ships. A Liberian corporation, which, as far as the evidence shows, and as far as Mr. Hanlon knew, had absolutely no business function, and you could be sure this was not the Scindia Steamship Navigation from which these ships had been purchased for $2,100,000.

You recall also that Mr. Hanlon did not give any explanation, not even any plausible explanation, but no explanation at all as to why he formed this corporation in the same name as the sellers of the ships.

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I submit that the reason unfortunately is quite obvious. The reason was to have a dummy corporation which could supply any documentation which might be required in connection with this loan as to the fraudulent purchase price being represented to the bank.

I think you have to ask yourselves exactly what James Hanlon thought he was doing when right before the closing on the ships he formed a corporation by the Scindia Steamship Corporation of Bombay, India.

Let's turn to the other false representation in connection with this transaction, and that is the chartering arrangements.

Now, here another very interesting thing happened. You recall one of the ships was chartered to Unimar. Well, in October of 1970, about two or three months prior to the closing of these loans, James Hanlon formed another Liberian corporation in the same name as one of the charters of the ship, Unimar Sea Transport GMBH.

Again, as far as the evidence in this trial goes, this was a corporation with no business function whatsoever.

Now, ask yourselves what did Mr. Hanlon think when he discovered that it was being represented to the bank that one of these ships was uncharted to Unimar?

He tells you that although he spent over 100 hours in this transaction, he did not think at all. Well, I will say one thing. Mr. Hanlon surely did not think that the ship was on charter to the Unimar Sea Transport Corporation which he had just formed for Tidal Marine two months earlier.

MR. FLEMING: I object to that statement.

THE COURT: The objection is overruled.

MR. GLEKEL: The fact is, and I think it is clear from the evidence, that Mr. Hanlon was well aware that the ship was not on charter to Unimar at all and, again, this Liberian shell corporation was formed for one and only one purpose, and that is to further the fraud.

Remember also that this wasn't Mr. Hanlon's first contact with Unimar Sea Transport, GMBH.

You recall Mr. Hanlon also represented Tidal Marine in connection with a closing on a ship by the name of the Triena, a closing which occurred in September of 1970. This ship was also supposedly under charter to Unimar.

You have also heard evidence that it was not on any such charter.

Now, interestingly enough, Mr. Hanlon formed the Liberian shell corporation by the name of Unimar just

a few weeks after the Triena closing, and again I think you have to ask yourselves just what did Mr. Hanlon think he was doing when he formed the Unimar Corporation.

Now, two of the ION ships were supposedly on charter to Mitsui Lines, OSK and Port Line/Blue Funnel. Mr. Hanlon has admitted to you that these are well known Japanese companies or at least there are well known Japanese companies with these names, though it is clear that the two companies Mr. Hanlon formed back in 1970, back in 1971, are not the two well known Japanese companies.

You saw representatives of the real Mitsui Lines and the real Port Line/Blue Funnel get up and testify before you as to the non-existence of the charters that were represented as existing at the loan closing.

In the summer of 1971 James Hanlon formed two Liberian corporations with the same name as the two well known charters, one by the name of Mitsui, one by the name of Port Line/ Blue Funnel. He's admitted to you he did not know of any legitimate business function whatsoever that was engaged in by these two corporations.

He also tells you, and apparently expects you to believe, this lawyer who spent 95 percent of his time on Tidal Marine matters, that when he formed these two corporations, he had completely forgotten that it had been

represented to the bank six months earlier that two ships were on charters to companies with these exact same names.

I submit to you that is a very convenient memory and I submit to you, in addition, that it is inconceivable that Mr. Hanlon would have forgotten about the most important single term concerning the loans he had spent nearly three weeks in connection with, that is the chartering arrangements.

I think it must be clear that these shell corporations with these names were formed for one purpose, and one purpose only, and that is to provide whatever documentation or information that is necessary to support the fraudulent representations which had first been made in connection with these ION loans.

Now, during 1970 and the first half of 1971, the National Bank of North America had financed a number of Tidal Marine ship purchases. By August, as you have heard, nearly $9,000,000 was outstanding in Tidal Marine loans.

Both Gerald Bachman, the senior vice president of the National Bank of North America and John Shevlin, testified that during 1971 or at least during the summer of 1971, the feeling was growing that enough money had been loaned to Tidal Marine, that there was just enough outstanding in loans to Tidal Marine and there was no desire to go over the $9,000,000 or $10,000,000 limit.

In August at a Loan Committee meeting, a Loan Committee meeting approving a loan, a refinancing on the Trechon, a formal decisigion was made that this would be the last loan to Tidal Marine and that no further loans would be made because of the amounts already outstanding.

As you heard from Mr. Shevlin, this decision was communicated to Mr. Naslas and to Mr. Amanatides.

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Now, it is just about this time that Mark Scufalos began appearing at the National Bank of North America to seek a series of ship purchase loans.

Now, in all these loans, it was represented to the National Bank of North America that Mark Scufalos was the borrower. In all of these loan transactions it was actually Tidal Marine that was the borrower.

In connection with all of these loan transactions, the borrower was represented by James Hanlon.

Now, the first of these loans which we refer to as the six dry cargo loan, closed in August, 1971 and was for the amount of $3,300,000.

As you recall, it was represented to the bank in connection with this loan that its purpose was to enable Mark Scufalos to buy out his partner's interests in the six dry cargo vessels and the purpose of this was to get around the fact that the bank would not loan any more money if it knew that Tidal Marine was the real borrower.

Mr. Hanlon, as you have heard, represented the borrower in connection with this loan.

Now, as Mr. Hanlon has admitted, he was well aware at this time that Tidal Marine had just finished purchasing these six ships as well as others from Mark Scufalos and -- excuse me -- that Tidal Marine had just finished

gwlt 3

purchasing these ships from Scufalos and Scufalos also told you the real purpose of this loan was not to enable him to buy out his partners, but rather, to finance the purchase of the ships by Tidal Marine, to provide Tidal Marine with the funds to pay Mark Scufalos for the ships he had just paid Tidal Marine.

I think you have also heard that the National Bank of North America would not have loaned this money if they knew this was the purpose of the loan.

Mr. Hanlon says to you, however, that he had no idea that this was represented to the bank. As far as he was concerned, this was a Tidal Marine loan all the way. And he was sure that this was just how the bank was treating it.

He had no idea that it had been represented to the bank that this was a loan to enable Mark Scufalos to buy out his partners' interests in these ships.

He also says they had no idea that the National Bank of North America was under the impression that he was representing Mark Scufalos in connection with this loan closing.

Well, ladies and gentlemen, it is rather curious that Mel Tublin, the bank's attorney, thought that Scufalos was the borrower. The Loan Committee thought Scufalos was the borrower. The loan officers of the Ship

gwlt 4

Loan Department thought Scufalos was the borrower and only James Hanlon, only the attorney representing the borrower, was kept in the dark as to the purported purpose of this loan.

Indeed, Mark Scufalos actually guaranteed the loan and no one from Tidal Marine was even at the closing.

The fact is, that Mr. Hanlon billed $9,000, that is 90 hours, for work performed in connection with the closing of this loan.

He signed the loan agreement. He had discussions with bank attorneys in connection with this loan.

Is there really any possibility at all that in all this time Mr. Hanlon did not become aware that the bank was treating this loan as a Scufalos transaction?

Indeed, I think if you really think about this transaction, the six dry cargo loan, it is inconceivable that Harry Amanatides did not fully inform James Hanlon of the fraud he was perpetrating.

MR. FLEMING: I object to that, your Honor.

THE COURT: I think this is argument on the part of the government and the government is entitled to draw its inferences from the evidence and argue them, and you are entitled to draw your inferences and argue them.

Your objection is overruled.

MR. GLEKEL: The point, ladies and gentlemen,

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is a very simple one:

If Harry Amanatides had not fully informed James Hanlon of the fraud that was being perpetrated, it would have been absolutely inevitable that Mr. Hanlon would have disclosed to the bank's attorneys either deliberately or accidentally that he thought he was representing Tidal Marine in connection with this loan and that Tidal Marine was the real borrower.

Of course, such a disclosure would have destroyed the entire scheme and the entire fraud would have collapsed right at the start. It was essential, of course, to this scheme, that Mr. Hanlon appeared to be Mr. Scufalos' attorney in this loan transaction. Mr. Amanatides could not take the risk that Mr. Hanlon, as I say either deliberately or inadvertently, might have disclosed the fact he thought that he was representing Tidal Marine.

Neither could Amanatides take the risk that Mr. Hanlon, if he had not already been corrupted, would find out that the bank viewed the loan as a Scufalos transaction, and have blown the whistle on the whole affair.

I think you can see that the fact is that Mr. Hanlon knew exactly what was going on in connection with the fraud that was being committed.

Now, by late 1971 Tidal Marine was developing,

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as you have heard, a critical cash shortage problem. As you have heard, Tidal Marine's financial difficulties were aggravated by two factors:

First of all, there was a serious depression in the shipping market which began some time in the second half of 1971 and continued well into 1972, at least as far into 1972 as we are concerned in this case.

As a result of this crisis or depression in the shipping market, it was increasingly difficult to find charterers willing to rent charter ships at profitable rates to the owner.

The second aggrevating factor was the decision of the National Bank of North America not to loan any more money to Tidal Marine to finance or refinance its ship purchases.

Now, in November of 1971 you have heard how the management of Tidal Marine took decisive measures to deal with this problem. Right on the premises of the National Bank of North America Harry Amanatides, the president of Tidal Marine, entered into an agreement with the officers of the Ship Loan Department to pay bribes, bribes of $70,000 each, in cash, to Joseph Metzger, Gregory Spartalis and John Shevlin for their approval of loans.

If you recall, the approval of the four loans to

gwlt 7

be approved was supposed to be presented as two loans to a borrower by the name of Panayotopulos and two loans to Mark Scufalos, purported loans to Mark Scufalos, all four loans supposedly for the purpose of enabling these people to purchase ships from Tidal Marine with the result that additional cash would be injected into Tidal Marine.

If you recall, Mr. Amanatides said that Scufalos would be presented as the purchaser of the Tropis and Tekton and Mr. Panayotopulos as the purchaser of the Aris and Tachys.

In effect, the bank officers, at least the officers of the Ship Loan Department, agreed to provide additional financing to Tidal Marine in exchange for the receipt of cash bribes.

You heard how on the very day of the closing of the first of these loans, the lona on the Tropis and the Tekton, which closed on Christmas Eve, right inside of the bank, Harry Amanatides handed an envelope or envelopes to Shevlin and Metzger containing $10,000 each in cash which was the first installment of the promised $70,000.

You have also heard how subsequent payments were received by Shevlin and Metzger, payments which totaled $42,000 in cash to each of these bank officers and $3,000 in Travelers Checks.

wlt 8

You have also seen evidence that Mr. Spartalis received hundreds of thousands of dollars from Tidal Marine which were deposited into his Swiss bank account.

Now, the charges before you in connection with the payoffs concern only one of the defendants on trial before you, that is Costas Naslas.

The government's contention is simply that the evidence overwhelmingly establishes that Mr. Naslas actively participated both in making these payoffs to Mr. Metzger and to Mr. Shevlin and in making the fraudulent reports and representations in connection with the loans that were secured on the basis of these payoffs.

Now, I would like to just review with you quickly the facts concerning these payoffs.

You recall that Mr. Shevlin testified that the second payoff of $10,000 each to Mr. Metzber and himself was made in early January, shortly after the closing on the Aris, and that he and Metzger each received $10,000 in cash in envelopes. This payment, he told you, came from Harry Amanatides.

Well, you have also seen the check in evidence, a check dated January 6, 1972, for $10, 000 -- excuse me -- for $20,000, a check made out to cash and signed by Costas Naslas.

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You have also seen typed on the check a reference stating "Cash to Master of Aquario."

Mr. Naslas admitted this type reference as to the purpose of the check was on it at the time he signed it, or he believed he signed it.

You will recall Mr. Katritsis endorsed this check and testified he has some recollection of bringing it over to the bank in cashing it.

The fact really in connection with this check is very simple, and it leads to only one conclusion:

That is, when Mr. Naslas made out this check he knew precisely what its purpose was and knew precisely it was being used to make corrupt payments to these bank officers.

You will recall the check stated on it that it is going to the "Master of the Aquario." You have heard cash to master payments generally refer to payments made to a ship's crew and for other purposes.

There is only one interesting fact which you have to consider here and that is that at the time the check was signed by Costas Naslas, the Aquario was not in New York. It was down in the Carribean traveling between Caracas and Curacao thousands of miles from New York.

You have also seen evidence that the day before, on January 5th, a cash transfer had been made of cash to the

hplt 2

Master of the Aquario, and transfer made by Mr. Naslas by wire from the Bank of America down to an area in the Carribean where the Aquario was located.

As you see indicated by this chart, on January 5th Mr. Naslas had just finished ordering a wire transfer of $15,000 from the Bank of America to the Bank of America Willemstad, in Curacao.

The next day suddenly Mr. Naslas is making out a check made out to cash for the purported purpose of paying cash to the Master of the Aquario.

Ladies and gentlemen, I think there is just no way. I'm sure you can see this, that Mr. Naslas could have thought that that money was going to the Master of the Aquario. Not only had he just finished paying the Master of the Aquario the day before, wiring funds to him, because as you see the customary way of sending funds down to the Aquario in the Carribean was by wire transfer and how in the world, what did Mr. Naslas think? That the cash was going to be transferred, transported by hand from New York, $20,000 in cash down to the Aquario? Down in South America?

I submit the only possibility is that Mr. Naslas was fully aware this money was being used for corrupt purposes.

You will recall that Mr. Shevlin testified that in late January a time came when he and Mr. Metzger received

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a third payment. He tells us that as he recalls it, Mr. Spartalis, another bank officer, called either Naslas or Amanatides to complain that Metzger and Shevlin had not been receiving all of the promised payoffs. Then Mr. Naslas called up Mr. Shevlin to say that he needed cash to make the next payments, didn't have the cash at hand and that arrangement would have to be made.

Mr. Naslas suggested, Mr. Shevlin testified, that the money be drawn from an account of Tidal Marine's or have Tidal Marine affiliates at the National Bank of North America under pretext that there was a ship payroll that had to be made, that there was a crew that had to be paid, and that the money was going to this use.

You will recall Mr. Shevlin explaning how he made arrangements with an employee of the bank to have this supposed payroll of 50 and 100 dollar bills amounting to $20,000 prepared and how he made arrangements with Mr. Naslas for an employee from Tidal Marine to come over to pick up the money.

You will recall Mr. Shevlin told you when the check was brought over it was referred to him for his approval and he initialed it and the money was subsequently given to the Tidal Marine employee.

Shortly after that, Mr. Shevlin and Mr. Metzger

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went to Mr. Naslas' office at Tidal Marine and each received two envelopes.

One, as Mr. Shevlin told you were photographs from the Christmas party which you have seen and another envelope containing for each of them $10,000 in cash, mostly in $100 bills and $50 bills.

Ladies and gentlemen, you have seen before you the check which was used by Mr. Naslas to make these payoffs. Mr. Pyrpyris, one of the last witnesses you heard from, recalled receiving that check from Costas Naslas. He recalled cashing it and giving the $20,000 in cash to Mr. Naslas after he cashed it.

You have seen the check. It is made out to "Cash" in the amount of $20,000 and signed by Mr. Naslas and endorsed by Mr. Pyrpyris.

What else does this check say? Well, once again it says "Cash to Master of the Aquario." Mr. Naslas admits this time that this notation was in his handwriting, that he wrote that on the check. Once again, I think it is obvious that this check obviously was not to pay the Master of the Aquario, because the Aquario was still down around Curacao.

As you see, another payment made to the Master of the Aquario on February 9, 1972. When payments were made

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to the Master of the Aquario, they were made to wire transfers, not by transporting $20,000 in cash from New York down to South America. Indeed, Mr. Naslas was perfectly aware of where the Aquario was at this time because he not only managed it, but as he admitted, he had just returned from a trip to Caracas in the middle of January, 1972 in which problems concerning the Aquario were discussed.

Mr. Shevlin also told you that there was yet another payment in late February or early March we he and Mr. Metzger received directly from Mr. Naslas, that again they were handed two envelopes by the defendant Naslas containing $10,000 each in cash.

Now, what does Mr. Naslas say to all this? I submit that what he told you from this witness stand is one of the preposterous stories that you have heard in some time.

Mr. Naslas' version of events is that he prepared those two checks pursuant to directions of Harry Amanatides, that Harry Amanatides gave him the checks.

The fact is, however, that this is not explained. In fact, Mr. Naslas offered no explanation whatsoever as to why he indicated that the checks were to pay funds to the Master of the Aquario when he knew that this could not possibly be.

Moreover, if Mr. Amanatides was present at the time

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as Mr. Naslas claims, why is it that Mr. Amanatides had Mr. Naslas make out and sign these checks.

As you recall, Mr. Amanatides as well as Mr. Naslas was a signatory of these accounts and had full legal power to make out these checks. Indeed, if Mr. Naslas was not corruptly involved in this transaction, don't you think that Mr. AManatides would prefer to make out these checks himself rather than to take the risk of having to devise an explanation to Mr. Naslas as to just how this money could possibly be going for the purpose of paying cash to the Master of the Aquario down in South America?

Mr. Naslas also admits that he gave envelopes with pictures from the Christmas party to Mr. Shevlin and Mr. Metzger, which he says contained $10,000, though he claims he didn't know this at tne time.

MR. FLEMING: I object to that.

THE COURT: Objection is overruled.

Ladies and gentlemen, I will say it once, I hope sufficiently for the purpose, that each side has the privilege of arguing to you his inferences and his understanding and his conclusions from the evidence that is in the record. You will select whether the argument is justified or not justified by the evidence. That is up to you.

MR. GLEKEL: Mr. Naslas' version was very simple.

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It was that he handed these two envelopes to Mr. Metzger and Mr. Shevlin but he didn't know at the time, he says, that they contained $10,000 in cash. He says he only learned this immediately after the door was shut behind Mr. Shevlin and behind Mr. Metzger when Mr. Harry Amanatides came over to him and told him, "Do you know that you have just given $10,000 each to the bank officers?"

I suggest to you that Mr. Naslas' testimony as to this matter is absurd.

First of all, how likely do you think it is that a man gives $20,000 in cash in two envelopes without any knowledge as to what he is giving? Also, ask yourselves why in the world didn't Harry Amanatides give this money in envelopes to the bank officers himself if he was on the premises as Mr. Naslas claims he was at the time.

If Mr. Naslas was not already a participant in this corrupt scheme you would think the last thing in the world Mr. Amanatides would want to do is to tell Mr. Naslas that he had just given $10,000 to each of the bank officers or to even allow Mr. Naslas to give the $10,000 to each of the bank officers.

Ask yourselves also if Mr. Naslas was already a member of the corrupt scheme, wouldn't Mr. Amanatides have been concerned as to what Mr. Naslas' reaction would be when

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he learned that $10,000 had just been given to Mr. Shevlin and Mr. Metzger, when he learned that a crime had been committed?

Now, just a word or two about Mr. Naslas' participation in this whole affair:

I think it is clear beyond any doubt that Costas Naslas had a major stake in Tidal Marine from its very beginning to its very end, and I think this is clear despite his attempts from the witness stand to considerably understate his role in the company.

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As you recall, he formed this company together with Harry Amanatides. You heard the testimony of Charles Aitcheson, the person from Asca Marine who helped run the Aquario for a while, who told you that Mr. Naslas told him that he founded the company at the time with Harry Amanatides. Mr. Naslas stayed with the company from its formation until June 30, 1972, the point at which its collapse was imminent. He was in charge of its New York office, his corporate headquarters. He was in charge of its ship operations. He also dealt with bankers extensively concerning the making and repayment of loans. This has been established not only through the testimony of several witnesses but also through extensive documentary evidence including a number of telexes concerning ship operations.

You have also seem or had read to you a number of promissory notes which Mr. Naslas signed in connection with the bank loans.

In addition, Mr. Naslas also had a major financial stake in the Tidal Marine enterprise. When Tidal Marine began, Mr. Naslas, as he told you, purchased 35,000 shares of Tidal Marine stock for $1,700, that is, at a price of five cents a share. By early 1972, the value of the stock had grown to some $700,000. In the spring of 1972,

Mr. Naslas sold 25,000 shares of this stock, and he sold it for close to a half a million dollars profit.

As you can see, Mr. Naslas had an interest in the fate of Tidal Marine, which was much stronger than that of a loyal employee, and he had a strong motive in seeing to it that Tidal Marine was able to obtain the money from the banks which it required to finance its ship purchase program.

In addition, Mr. Naslas had a further stake in the successful bribing of bank officers. As you have heard, additional bribes were promised to Mr. Shevlin and Mr. Metzger in connection with the financing of the Anasstasis and the Tagma. As you have heard, the Anasstasis was a ship which Mr. Naslas was supposed to purchase at the time, although he has testified ultimately he was unable to come up with the money. As you have heard, this ship was presented to the bank as being a Naslas ship and as a result of the promised bribes the amount the loan committee was willing to loan on this ship was increased by a considerable amount.

Now, let's look briefly at the four loans which were made as a result or in connection with the bribe payments made by Mr. Naslas and Mr. Amanatides. The first of these four loans, the one that closed on Christmas

hph 3

eve concerns the Tropis and the Tekton, which is referred to on the chart where I indicated. As you may recall, these were among the four ships previously purchased from Karageorgis with three-year time charters attached. As you recall, the three-year time charters were a condition of the purchase. Mr. Hanlon, as Tidal Marine's attorney, billed $5,750 in connection with legal work he performed in connection with the purchase of these ships. Yet, you have heard from this witness stand over here, claimed to you that he was unfamiliar with the memorandum of agreement, providing for the purchase of these ships and that he was also unfamiliar with its most important terms, the terms dealing with its chartering arrangements.

In the spring and summer of 1972, loans were obtained, totaling three and three-quarte million dollars to finance the purchase of these two ships, and these were loans from the Bank of America in London. Now, Mr. Hanlon has admitted to you that at the time he represented Tidal Marine in connection with these loans, he was aware of the fact that these two ships were on three-year charters to British Petroleum.

In December of 1971, just a few months later, Mr. Hanlon represented the borrowers in connection with a loan on these same two ships for five and a half million

hph 4

dollars. In connection with this loan, however, it was represented that the ships were not on three-year charters to British Petroleum, but were on five-year charters to British Petroleum, which as you have heard increased the amount of money the bank was willing to loan by approximately $2,000,000.

The simple fact is that Mr. Hanlon was well aware that this representation as to the five-year charters was fraudulent and he knew this for the very simple reason that he had just finished closing loans in which it was represented that the ships were on three-year charters.

Now, Mr. Naslas who also participated in the closing of this loan was also well aware of the falsity of the representation that the ships were on five-year charters. Indeed, Mr. Naslas has admitted that he was aware of the fact that these ships were purchased from Karageorgis with charters already attached or already fixed. Mr. Naslas was also directly familiar with the fact that the Tekton was on a three-year charter because he was present at the closing of the Bank of America loan on the Tekton at which it was represented the ship was on a three-year charter. He signed as a witness to an assignment of charter hire on the Tekton which states in plain English that the ship was on a three-year charter.

hph 5

Moreover, he also assisted in the operation of the ship on its three-year charter.

Now, the third defendant on trial before you, Paul Katritsis, furthered this fraud by signing fraudulent assignments of charter hire in connection with the NBA loan, National Bank of North America loan which stated that the ship were in fact on five-year BP charters. I think you have to keep in mind that this was not the first experience of any of these defendants with fraudulent and false charters. Mr. Katritsis, as you have heard, also signed a Transoceanic charter on the six dry cargo vessels, charters which you have heard were false and did not exist. Mr. Naslas and Mr. Hanlon were well aware of the problem, the incident as they call it, concerning the Tama. That was a ship which closed with an Amoco charter in April of 1971. The only problem is, as Mr. Shevlin told you and Joseph Peter Flemming told you, the bank's attorney in that loan, is that it was discovered immediately thereafter that this charter was non-existent and this information was conveyed to Mr. Naslas and Mr. Hanlon and Mr. Hanlon actually participated in negotiation in an effort to find a replacement charter.

So, all of these three defendants by the time of the Tropis and Tekton were well aware that Tidal Marine

hph 6

had made false representations in connection with previous charters.

Now, in connection with the Tropis and Tekton loan there were also misrepresentations concerning the borrower. This was another of the loans which Mark Scufalos fronted for Tidal Marine, who was the true borrower. As you recall, the purported purpose of this loan as represented to the bank was for Scufalos to purchase the ships. The fact was, of course, that Tidal Marine already owned the ships and that this loan was nothing but refinancing, a means of providing Tidal Marine with some more money to meet its cash problems.

Interestingly enough, Mr. Hanlon and Mr. Naslas have completely opposite stories concerning what they thought was going on in connection with this loan. Mr. Naslad admits that the loan as presented to the bank was a Scufalos loan. He admits that Scufalos was represented as the owner of the borrowing corporations. He claims, however, that he thought that this was true and he thought these representations were accurate. The fact is, however, that Mr. Naslas was well aware that Scufalos was not buying these ships and that this was a Tidal Marine refinancing and his awareness is indicated by the telex introduced into evidence, a telex sent by Costas Naslas close to the

time of the Tropis and Tekton loan in which he refers to the Tropis and Tekton deal as a refinancing which is exactly what it was. I submit to you that a sale of those two ships to Scufalos is not a Tidal Marine refinancing.

Mr. Hanlon, he tells you a different version of what occurs. He claims that the purpose of the loan as represented to the bank was that it was a Tidal Marine refinancing. The evidence, however, indicates that Mr. Hanlon was fully aware that the representation, the fraudulent representation made to the bank, was that Scufalos was purchasing these two ships and that this was represented to the bank as a Scufalos deal.

Let me just review with you a few of the facts which makes this obvious. You will recall the testimony of Pat Martin. He was the attorney who represented the National Bank of North America in connection with this loan. As he told you, Mr. Hanlon presented this loan to him as a Scufalos transaction. Mr. Hanlon told Mr. Martin that Scufalos was the borrower, and they had long discussions, Mr. Martin stated, as to whether it was necessary to form new corporations or not, given the fact there would be a new owner, Scufalos, of these ships. In addition, as you recall, Mr. Hanlon formed both the so-called purchasing

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and the so-called selling corporations of the Tropis and Tekton. He formed Aries and Pisces which purchased the ship or purported to purchase the ship and also formed the two corporations which were purportedly selling the ship.

I think the question you have to ask yourselves is exactly why the transfer was necessary or why Mr. Hanlon thought a transfer was necessary between two sets of corporations if this was, in fact, a Tidal Marine refinancing as represented to the bank and was not being put over to the bank as a Scufalos loan.

You also recall that Mr. Hanlon made false statements as to the ownership of the stock in the purchasing corporation, that is in Aries and Pisces. Mr. Hanlon now admits that this representation he made was in fact false.

You have heard that Mr.Hanlon represented that the stock in those two corporations or at least he drafted or submitted the documents in which the representation was made -- Mr.Hanlon represented that the stock in these corporations was owned by Union Commercial Shipping Corporation.

You have also seen evidence that, in fact, the stock was owned by Galaxy Steamship Corporation, the chief Tidal Marine subsidiary, since November of 1970 and that the records indicating this were in Mr. Hanlon's legal office at the time.

The fact is that Mr. Hanlon had very good reasons for the misrepresentation concerning stock ownership. If he had indicated that Galaxy Steamship owned that stock, it would have been entirely clear to the bank that this was being represented, was being presented to them as nothing but a Tidal Marine transaction.

You heard Mr. Hanlon when he was asked what he thought Union Commercial Shipping was, the company represented as the owner of the stock.

He told you he thought it was a Scufalos concern, that Scufalos was the stockholder.

I ask you what better admission is there than that, that Mr. Hanlon was well aware that this was being

represented to the bank as a Scufalos loan.

There is another incident that is very, very revealing. You recall the testimony of Pat Martin, which I believe was confirmed for the most part by Mr. Hanlon, that at the closing Mr. Hanlon was asked to pledge the stock of Aries and Pisces, the two stock owning corporations. You recall Mr. Hanlon refused to do this and Mr. Amanatides refused to do this.

What legitimate reason do they have to refuse to do this?

They didn't have any legitimate reason, but they had a good reason, and that was that if they pledged the stock, it would have been clear once again to the bank that Galaxy Steamship Corporation, that is, Tidal Marine, owned the stock and the fraudulent nature of Mr. Hanlon's representations would have been fully revealed.

As you recall, Paul Katritsis actually signed what is called the less developed nations certificates which set forth the fraudulent representations concerning the ownership of Aries and Pisces Corporations, the representations passing them off as Scufalos corporations.

I think you can be sure that Harry Amanatides, assistant and confidante -- you can be sure that Mr. Katritsis was well aware that Tidal Marine was not selling

these two large ships to Mark Scufalos, but that this was nothing but a Tidal Marine refinancing.

Now, the third deal was the subject of the bribe agreement concerns the Aris.

As you recall Mr. Shevlin's testimony, the Aris closed right before the second bribe payment was made. This was a deal involving a sale by Tidal Marine of the Aris to Panayotopulos. Tidal Marine was well to receive the proceeds of the loan that was being sought to finance this acquisition by Panayotopulos, proceeds of approximately $4,000,000.

Now, in connection with this loan the defendant Costas Naslas represented that the vessel Aris was on a five-year charter to a company called Wintershall. This is a representation made by Naslas at the time of the closing in a loan agreement which he signed-- excuse me-- in a memorandum of agreement which he signed. In fact, you have heard testimony that this charter was forged over in England and you have heard through a stipulation that, in fact, Wintershall never entered into any such five-year charter and the only charter ever entered into by Wintershall was a three-year charter.

You have also heard that this charter differed in another significant way from the original charter, and

that is in the original charter, in the true one, it was provided that Tidal Marine would pay for the fuel which is called bunkers, and the false one, it was provided that the charterer would pay for the fuel or the bunkers.

The facts about this one are really very simple. Costas Naslas signed the real three-year charter party, the one which was for three-years, only six weeks earlier before he made the false and fraudulent representation. He signed it in London, which is also the place where the forgery occurred, where the forged five-year charter party was made.

Mr. Naslas says since he only signed as a witness to Harry Amanatides' signature, he did not look at what he was signing.

Once again I submit to you that Mr. Naslas' story, his testimony at this point, defies belief.

First of all, if he only was shown the bottom part of the last page, the signature line or the witness line of this document when he signed it, how in the world does he know that he was signing the Aris charter?

Secondly, yo have to keep in mind that Mr. Naslas operated the ships. The charter was the most important aspect of their operation. The charters on the ships was the most important aspect of Tidal Marine.

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I submit to you that it's inconceivable that Mr. Naslas would not have been interested in the most essential term, that is the length of the charter Tidal Marine was entering into, and that Harry Amanatides would not have discussed this new five-year charter, something that must have been of considerable value to Tidal Marine, given the depressed market.

I suggest to you it is inconceivable that that was not discussed with Mr. Naslas and he was not fully aware of the five-year charter, the forged five-year charter that they had been representing was entered into.

The last ship financed by the National Bank of North America as part of the corrupt bargain made by the three bank employees and by Tidal Marine is the Tachys. This again is one of Karageorgis' ships purchased with a three-year charter. Once again Mr. Hanlon admits that he was aware of this three-year charter, that the ship was on a three-year charter when he represented Tidal Marine in connection with a Bank of America financing in April of 1971.

This loan, as you recall, was for $3,250,000.

You also recall that Mr. Hanlon represented Tidal Marine in connection with a four and a half million dollar loan which was sought again by Panayotopulos to

finance the purchase of the ship from Tidal Marine.

Once again, the proceeds of these loans were going to Tidal Marine to improve its cash situation. This time, however, the security for the loan was represented to the National Bank of North America once again as not being a three-year charter but being a five-year charter. Mr. Hanlon well knew from his familiarity with the purchase of the ships from Karageorgis, from the fact he had just finished financing the ship with the Bank of America that there could not possibly have been a five-year charter on that ship.

You also heard evidence that there wasn't a three-year charter because that had been cancelled, as Mr. McKenzie from British Petroleum told you. That had been cancelled and shifted to another ship.

You have to consider whether as Tidal Marine's lawyer Mr. Hanlon was not totally aware of that transfer. You also have to consider whether Mr. Naslas, who also participated in this closing, was not well aware of the fact that the charter on the Tachys had been transferred. Indeed, a very revealing incident occurred at the Tachys closing. Mr. Naslas as well as Mr. Hanlon was present at this closing. Mr. Naslas at the closing, as you heard Pat Martin testify, was requested to sign a guarantee on

behalf of Tidal Marine guaranteeing the existence of this five-year charter.

Now, what this had the effect of doing, of course, was putting Tidal Marine on the line on this loan. In other words, even though it was a loan to Panayotopulos, by signing that guarantee as to the existence of the charter party, Naslas was obligating Tidal Marine to repay this loan if this charter party did not exist and the charter hire did not come in.

What was Mr. Naslas' reaction?

Well, Mr. Martin told you he looked startled. He left the room and finally came back and put his sigrature to it.

I suggest to you that Mr. Naslas had good reason to look startled because he knew that this five-year charter was false and fraudulent and he knew by signing that document that he was exposing Tidal Marine to the obligation to come up with a charter hire for the charter when it turned out to be non-existent.

I submit to you that he went ahead and signed that document because he just had no choice if Tidal Marine was going to get the money for the loan.

A very interesting thing happened after this closing As you recall, as Mr. Martin testified, shortly after the

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closing he had a conversation with Mr. Naslas and Mr. Naslas informed him that the Tachys had tendered under the British Petroleum charter, that it had tendered in February and that the first month's charter hire had been paid, but that it had been paid by mistake to the Galaxy operating account, the Bank of America in London.

As you have seen, both of these statements by Mr. Naslas were incorrect and were false and fraudulent.

First of all, you have seen telexes in evidence with Mr. Naslas' handwriting on them which establishes that he knew that the Tachys charter had not been fixed, had not been tendered, the Tachys had not been fixed or tendered under this charter as late as March of 172.

You have also seen bank records of the Galaxy operating account in London which showed absolutely no charter hire whatsoever was coming in on the Tachys, the reason being simple, the Tachys charter just didn't exist.

Mr. Naslas admitted, as he put it, that there was a serious problem with the Tachys and, in fact, at the time he left the company there was no Tachys operating under a British Petroleum charter.

What about the forged five-year Tachys charter party? Once again this was signed by the defendant, Paul Katritsis.

Paul Katritsis' role in connection with this charter was more than that of just a passive signatory.

You remember the testimony of Mr. Axiotakis from Tidal Marine concerning the signing, concerning this charter party. He told you how Paul Katritsis came to him some time after apparently the loan closing and asked him to certify to the authenticity of this forged five-year charter party bearing Paul Katritsis' signature.

As you recall, Axiotakis pointed out to Katritsis that he was no longer an officer at the time of the borrowing company and Paul Katritsis told them that that doesn't make any difference. He also pointed out, Mr. Axiotakis to Paul Katritsis, that the document was backdated.

Again Mr. Katritsis told them that that doesn't make any difference.

Finally, finally Mr. Axiotakis said to him, "Are you sure? Are you sure that this charter is all right, that it exists"?

Paul Katritsis says, "Sure. Stop joking," or something to that effect."

Mr. Axiotakis went ahead and signed the Secretary's certificate.

I suggest to you that from the circumstances of

the signing of the Secretary's certificate from the back-dating, from the signing of it by an officer after he had resigned, from the inquiry putting Mr. Katritsis on notice concerning this charter, from the fact that he signed it, that he was well aware of exactly what was being represented to the bank and that that representation was false.

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gwlt 1 You also heard the testimony of Joyce Walker concerning Mr. Katritis. You heard that Mr. Amanatides confided confidential matters to him. More importantly, that he typed a certain number of documents at Tidal Marine and those were documents which contained information which Harry Amanatides did not trust any of the secretaries at Tidal Marine to see.

You will also recall her testimony as to the false financial statements typed by Mr. Katritsis. She told you -- she explained to you how she had just finished typing a draft of a financial statement, statements that were to be presented to banks to obtain bank loans. When she finished Amanatides and Paul Katritsis had a discussion, part of which was in Greek, but that at some point they lapsed into English and Mr. Amanatides mentioned the fact that the figures contained in these financial statements were much too low and they would need higher figures if they were to obtain bank loans.

She described to you how she left for the night, since it was late, and when she returned the next morning Paul Katritsis showed her the financial figures, the financial statements which had been typed by him and that they contained much higher figures.

I suggest to you that this one incident reveals that Mr. Katritsis was fully aware that he was engaged in a

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fraudulent endeavor.

Now, the last ship, the last ship that was financed by the National Bank of North America that is relevant to this case is the Tagma. Even the Tachys loan which closed in February had not alleviated Tidal Marine's cash shortage.

In April, however, of 1972, Tidal Marine became increasingly interested in purchasing the Tagma. Once again, money was needed to finance the purchase because the National Bank of North America was still not willing to loan any more money to Tidal Marine.

Once again, Scufalos was used as a front to borrow money. You may recall that Metzger and Shevlin were promised yet additional bribes in connection with the Tagma and these were the bribes that were promised in connection with the Anasstasis, which was to be purchased by Costas Naslas.

Both Mr. Amanatides and Mr. Naslas made false and fraudulent representations in connection with this loan that Scufalos was the sole shareholder of the borrowing corporations. In short, that this was a Scufalos loan.

Now, it is sort of interesting that Mr. Hanlon and Mr. Naslas' stories as to this loan transaction is little different than in connection with most of the Scufalos loans.

gwlt 3

Usually, their versions of events is they knew it was a Tidal Marine deal, but they did not know of the false representation to the bank.

Here they don't have that available to them for the simple reason that they signed directly the representations that Scufalos in effect was the borrower.

So what do they say?

This time they say that they really thought it was a Scufalos deal, that they didn't know that Scufalos was buying the ship.

Let's see just how little they knew.

First of all, let's take Mr. Hanlon. He already knew that Scufalos had been used to front for Tidal Marine in the six dry cargo transaction, the May and June transaction, and the Tropis and Tekton.

In addition, although he purported to represent Scufalos in connection with this loan closing, it is clear from the evidence that he had absolutely no contact whatsoever with Scufalos on this loan.

Moreover, as he told you, he learned about this loan from Mr. Amanatides.

The fact is that there is no evidence in Mr. Hanlon's testimony, Mr. Scufalos' testimony or anyone else's testimony of any contacts whatsoever between Mr. Hanlon and

gwlt 4

Mr. Scufalos, although Mr. Hanlon claims he thought he was representing Mr. Scufalos at the New York closing of this loan.

The other thing of great interest here is Mr. Hanlon's letter of June 16, 1972 to Mr. Naslas, enclosing various documents relating to this loan transaction.

The question you have to ask yourselves is that if Mr. Hanlon thought this was a Tidal Marine ship acqusition -- if he thought it was a Scufalos ship acquisition, exactly why was he writing to Mr. Naslas, the vice president of Tidal Marine, enclosing loan documents pertaining to the loan and discussing the loan?

Let's turn to Mr. Naslas on this loan.

He also was familiar with what had passed before in connection with the six dry cargo and the Tropis and Tekton loans.

Moreover, and even more importantly, it is clear from the evidence that Mr. Naslas previously approached Frank Marone, a banker from the Bank of America, concerning a loan on the Tagma.

You might ask yourselves whether he was approaching the Bank of America for a loan on the Tagma for any other reason than for Tidal Marine to purchase the ship.

You recall Frank Marone also in connection with

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whom Naslas had previously acquired plane tickets to provide transportation back and forth to Greece for Frank Marone and his family.

You also recall that there is a telex by Naslas to someone in London which refers to the attempted financing of the Tagma at the Bank of America.

I suggest to you that he was fully aware from the beginning that this was a Tidal Marine transaction, plus the fact, of course, that Mr. Naslas was the recipient of Mr. Hanlon's June 16th letter, and you have to ask yourselves as to Mr. Naslas as well as Mr. Hanlon, if this was a Scufalos deal and Scufalos was purchasing the ships, exactly why was Mr. Naslas participating in this loan transaction? Why did he receive that letter?

Finally, you have to remember that Mr. Naslas had a very strong motive to see that this loan had closed. As you recall, by this time he had loaned his profits from the stock, most of that $500,000 to Tidal Marine at 2 percent a month interest to help tide it over considering its cash shortage.

I suggest to you that Mr. Naslas had a major interest in seeing to it that Tidal Marine got this $3,200,000 in connection with the Tagma loan and knew exactly what the purpose of that loan was.

The final ship to consider is the Aquario. I think this is a pretty simple one. As you recall, this was a charter essentially a charter in search of a ship. Captain Nout of the Shell Chartering Company down in Venezuela, had a two-year, nine-month charter available. He informed Captain Huerta of its availability who in turn contacted Sheneman.

Sheneman then requested the assistance of the defendant James Hanlon in connection with finding financing for the purchase of the ship, the ship to which the charter was going to be fixed.

As you recall, Mr. Hanlon once again brought the matter to Harry Amanatides, who came up with the Aquario as the ship that would be operated under the charter. You then recall there was a division of interests in the Southeast Tanker Company which was to own the Aquario, that Mr. Hanlon finally came out with a 20 percent interest, stock interest in that transaction.

In other words, he owned 20 percent of the ship.

You also recall that the two-year, nine-month charter was originally placed on a ship by the name of the Dodone and that the Aquario was only substituted for the Dodone by an addendum to the charter at the time that Harry

Amanatides came up with the ship.

Now, in brief, Mr. Hanlon admits that he was fully aware at all the relevant times that the true charter on the ship, on the Aquario, was for two years and nine months and that his representation to the National Bank of North America some six months later, that the charter was for three and a half years, he says that representation was inadvertent and he was not aware of what he was representing.

I think the fact is and I think you can quickly see this, Mr. Hanlon was engaged in fraud from the very beginning of the Aquario transaction.

Mr. Hanlon admits that Southeast Tankers of which he owned 20 percent purchased the Aquario from its sellers fro $795,000. Mr. Hanlon made a down payment of $57,500 towards this purchase.

It was represented to the First National Bank of Boston, however, which financed the original acquisition, that the ship was valued at $1,300,000 and Mr. Hanlon represented the borrower in connection with this loan.

Now, a very interesting thing happened. You recall that Mr. Hanlon was over in England at about the time of the Aquario purchase. You recal also, as Markella Delfos told you and as Mr. Hanlon for the most part admitted at 2 Chesterfield Hill that Mr. Hanlon drafted a set of

corporation resolutions providing in short for the sale of the ship from its original Norwegian owners, the Brent Shipping Company and from Brent over to Southeast Tankers.

The very interesting thing is that the purported purchase price of the ship from Southeast Tankers-- excuse me -- from Norwegian sellers to Brent was stated as the true one of $795,000. However, Mr. Hanlon then proceeded to represent that the ship had been sold from Brent to Southeast Tankers for $1,300,000, the exact amount that the First National Bank of Boston was basing its loan on.

Mr. Hanlon has admitted that he filed two bills of sale with Liberian Services on the same day, one stating the purchase price as $795,000, the true purchase price, one bill of sale stating the purchase price at $1,300,000, the fraudulent purchase price. He has fully admitted that no money as far as he knows was ever paid to Brent Shipping.

He has admitted, as far as he knows, Brent Shipping, it was a company involving A. Ion Livas, and you have seen that Paul Katritsis' name also appears as one of the officers.

He admits that the proceeds of the loan went directly to the Norwegian sellers and none of the money as far as he knows ever went to Brent.

The fact is that Mr. Hanlon knew that the two

bills of sale which he registered and the corporate resolutions which he typed, were merely a fraudulent -- were fraudulent at the time and that they were created for one and one purpose only, and that was for the purpose of passing off the Aquario's value as $1,300,000.

Ask yourselves what other legitimate purpose, what other purpose could there be for Mr. Hanlon preparing those two false and fraudulent documents.

What explanation has he offered as to what he was doing at the time?

As you recall, Mr. Hanlon billed $7,300 in connection with his participation in this fraud.

There is one other thing that is of interest at the first part of this deal, the First National Bank of Boston financing. Mr. Hanlon also signed the first preferred mortgage on the Aquario and in it he signed -- there is a representation that all the stock of the borrowing corporation of Southeast Tankers was owned by Transoceanic Shipping Company. This representation was clearly false and fraudulent since as Mr. Hanlon well knew, he himself owned 20 percent of the shares.

I suggest to you it was made for one and one purpose only, and that was to disguise the fact of Mr. Hanlon's ownership interest in the Aquario. Mr. Hanlon tells

you he didn't know what he was signing.

I point out to you, this was one of the warranties. As Mr. Hanlon finally admitted when he testified, the effect of a false warranty in a loan agreement is for the loan to go into default and the bank to call its money back. I suggest to you if there is one section of that loan agreement that is of interest to a lawyer, it is the warranty section, and that's the very first thing that any lawyer in the shipping business would look to.

You have also heard that after the purchase and financing of the Aquario, Mr. Hanlon was active in its operation as a result of his 20 percent interest and made several trips to Caracas, to London, to Curacao, concerning its operation.

Mr. Hanlon tells you in connection with the representation to the National Bank of North AMerica that the charter was for three and a half years, that this was inadvertent, that he didn't know this.

First of all, as you recall, Mr. Hanlon represented the owners of the Aquario in connection with this loan. You have to also recall that the charter was the most important aspect of the deal. It was the security for the loan. It was the basis on which the bank loaned money.

You recall also that the charter was not far from

Mr. Hanlon's consciousness at the time. He had just finished coming back from Caracas in late January concerning a discussion with the charterers of the Aquario concerning disputes under the charter party.

You also heard that Mr. Hanlon, as he admitted, submitted both the charter, the false and fictitious charter that states it is for three and a half years and, in addition, signed a loan agreement which represented that the Aquario was on a charter for three and a half years.

You heard the testimony of Joseph Peter Flemming, the bank's attorney for this loan, who specifically stated, recalls writing, and you saw the letterhe wrote to Mr. Hanlon requesting the terms of the charter prior to the closing so that he could complete the loan agreement.

He told you that Mr. Hanlon supplied the information, the information including the length of the charter. Indeed, Mr. Hanlon even said that he assumes he provided the information requred by Mr. Flemming.

Now, really, ladies and gentlemen, you don't have to be an expert to know, you don't even have be an attorney to know that that charter submitted to the National Bank of North America was a phony. It is not only that the terms are wrong, that it is for three and a half years rather than two years, nine months, the fact is that in the original

charter the Aquario was not even mentioned on it.

The charterers on the Dodone, the Aquario was added by addendum. Take a look at the phony one, the false and fictitious one. This charter is on the Aquario. The Aquario was the ship. There is no mention of the Dodone. There is no addendum.

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I suggest to you also that Mr. Hanlon was well aware of the absolute impossibility of securing a loan for $1,500,000 on a charter which was six months shorter than it was at the time of the First National Bank of Boston loan when the First National Bank of Boston was only willing to loan $780,000.

In other words, on what basis did Mr. Hanlon think that the National Bank of North America was loaning twice the amount than the First National Bank of Boston on security half as valuable. The fact is Mr. Hanlon knew and had to know the bank was relying on the fraudulent charter and it was Mr. Hanlon who both orally and in writing provided the information on which the bank relied in making this fraudulent loan.

Finally, you have to remember Mr. Hanlon is more than an attorney with reference to the Aquario. He was a 20 percent owner in the ship and had a vital interest in seeing that these financing arrangements were successfully made and that this one and a half million dollar loan was obtained.

The fact is, ladies and gentlemen, that Mr. Hanlon just could not be unaware of the fraudulent nature of the information of the Aquario that he was submitting to the National Bank of North America.

I think when you consider all the information against these defendants, and when you use your common sense,

and draw the obvious inferences from the evidence you have heard, that you will not have very great difficulty in concluding that each of these defendants are guilty of the fraudulent misrepresentations with which they are charged and that they are guilty beyond a reasonable doubt.

Thank you.

THE COURT: Ladies and gentlemen, I think we will take a short recess now.

(Jury left the courtroom.)

THE COURT: Are you handing me a note?

MR. FLEMING: Yes, your Honor.

THE COURT: Just put pon the record orally what you wish to say. I don't think it is necessary to give me any notes in the absence of the jury.

MR. FLEMING: Your Honor, we are asking for a mistrial based on Mr. Glekel's summation on two grounds:

One is in our estimation he repeatedly argued inferences and speculation which were not rationally based upon the evidence in the case and therefore were impermissible and, second, in various instances during the course of summation Mr. Glekel in effect testified to the existent facts which we believe is improper.

On both those bases we ask for a mistrial.

THE COURT: I don't believe either of the comments

are justified by the context of the statements that have been made.

The motion is denied.

(Recess.)

(In open court - jury present.)

MR. FLEMING: May I proceed, your Honor?

THE COURT: Yes.

MR. FLEMING: May it please the Court, Mr. Glekel, Mr. Foreman and members of the jury:

In view of Mr. Glekel's closing remarks, let me repeat what I believe was the first thing we said to you at the opening of this case:

That is, we begged you to remember that what the attorneys said was not the evidence and that the evidence would come from the witnesses and from the documents and it would be up to you, the jury, to determine first, what the evidence was and second, what the believable evidence was.

Let me just give you a quick example:

In discussing Mr. Hanlon's alleged complicity in what is clear fraud in this case -- we have never disputed that -- Mr. Glekel talked about the sale of the Petrolasa which became the Trechon, and its refinancing for $4,000,000. The financing took place, according to the government's own chart on December 9, 1970 -- and I will argue this later. But, in

order to tie Mr. Hanlon to fraud, the allegation of fraud in that connection, is that it was represented to the Bank of America, and Mr. Bustard said it was represented to him by Amanatides and Livas, that this vessel was purchased for $5,500,000.

Now, Mr. Hanlon is not tied to that representation by any direct evidence. In order to tie Mr. Hanlon to that representation, in order to establish to your satisfaction his guilt with regard to any such misrepresentation, the government, Mr. Glekel points to nothing t t Mr. Bustard siad. He points to a document which is 284 in evidence, which is a draft, characterized as a draft agreement of a line of credit, a draft.

He examined Mr. Hanlon about it and it was Mr. Hanlon who brought out yes, he had received a draft, under date of January 4, 1971. There are two things, remember:

One, it is a draft. It is not even final.

Two, the borrowing is on December 9th, a month before this is received by Mr. Hanlon in New York. And the misrepresentation supposedly took place before that borrowing took place.

What the government did not read to you and I would like to read to you to show you the difficulties in this case, is the letter, the covering letter which was sent to

Mr. Hanlon with this draft, line of credit agreement, the very piece of evidence upon which the government wants you to find Jim Hanlon guilty of fraud beyond a reasonable doubt in that connection with the December 9th financing of the Trechon.

And here it is, it is 299A in evidence, could have been read to you:

"Dear Mr. Hanlon:

"I enclose for your information a copy of the draft loan agreement which I have today sent to John Smith," a London attorney,"for his approval, together with a copy of my covering letter to him."

So, Hanlon received something from a London attorney saying here is a copy of something which I have sent to the London attorney who is handling it, and the government says you must then find that Hanlon read all this, recognized not only that it was more than a draft, but it would be signed and therefore that some kind of misrepresentation must have been made by someone in connection with that Trechon financing.

When I opened the case I told you this would be a difficult case because there is undisputed blatent fraud in this case. I suppose the best witness to that blatent fraud was Markella Delfos, who came here from Greece and testified about what was going on in London.

Now, we are not here to ask for your sympathy in this case. Sympathy has no place in this case. You will be told that. We are here, and I'm saying this early because of the closing Mr. Glekel made, we are here to ask for your sense of decency, fairness and your ability to make distinctions.

You are going to be told you have duties in this case, and you do have duties in this case. We are simply asking you to recognize what your true duty is.

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We think you may find that the true duty of a free people, and that's what you are, because you, more than anyone in this courtroom, represent the United States of America, that the duty of a free people is to give freedom in a criminal case unless you are convinced by credible, believable evidence, beyond a reasonable doubt that one or any one of these defendants on trial in this case, these three men, are guilty of knowing and wilful complicity in the fraud which undoubtedly existed.

You may find that it is your duty to reject any feelings which ordinary human beings may have, that men are guilty beyond a reasonable doubt simply because they knew or were close to, friends with, worked with and indeed respected at least one man, Harry Amanatides, who on the evidence in this case, you may find, that is Amanatides, is beyond any reasonable doubt a fraud artist.

Again, in view of Mr. Glekel's closing, you may find it is your duty to reject as the basis for a finding of guilt, to reject as the basis for finding of guilt speculation, innuendo, intrusion of suspicion, and even guesswork. You will find it is your duty to reject that as a basis for determining that one or any one of these men was a knowing, wilful accomplice of Amanatides and his crew.

We just ask that if you are to find guilt here, you do it on your duty to find it on the evidence, and really what we ask you to do is to look for the evidence of guilt. They have brought this case and it is their burden to prove this case. It is their burden to prove that one or any one of these men knowingly and wilfully participated in a fraud and it is their burden to prove it by believable evidence to your satisfaction beyond a reasonable doubt.

Now, if you have questions, it is their burden to answer those questions, and if those questions are not answered to your satisfaction, then they have failed in their burden.

A case not proved to your satisfaction beyond a reasonable doubt is a case of not guilty, regardless of the unfortunate fact that these men did know, did associate with and indeed respected Harry Amanatides; regardless of the fact of how guilty Harry Amanatides may be.

That is why we said, before this case started, that this was a difficult case, because this case is strewn with evidence, much of which you may find we developed ourselves on the cross-examination of some of the witnesses called by the government. This case is strewn with evidence of blatant corruption and of blatant

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fraud: False charters, false signature; at the very least the deposit, the account of Spartalis in the amount of $450,000 in Switzerland, deposited by Mr. Ion Livas; at the very least receipts by Shevlin and the question there is from whom, of at least $50,000, and Metzger of $50,000, $550,000 established. And, based upon the evidence in this case, which I will argue in a moment, ask yourselves whether in fact that is not merely the tip of the iceberg of the money that was paid.

We told you it would be difficult for you because that would be proved, we did not dispute it, and I think you may find that we helped prove it, especially when we examined Marcella Delfos who was brought here as a government witness. But, you have the obligation and the duty to make distinctions, if distinctions are to be made, and you have the obligation and the duty to require them to prove not that Amanatides was a fraud artist, not that Livas was corrupt, not that Spartalis, Shevlin, Metzger were bribe takers, not that Scufalos, and we will get to him, was a partner in the corruption of Livas and Amanatides. Not all of that. But, with any of these three men here in New York, as you have heard the evidence, not the suspicion, not the innuendo, not the association, but the evidence of knowledge, if there be any, whether these three

men or any of them willingly and knowingly joined in that criminal scheme. We believe you are up to making these distinctions, if those distinctions are there to be made. We ask you only to remember that is your true duty.

When we opened this case, as Mr. Glekel said, we said to you, you are going to hear about Amanatides and Livas, Scufalos, corruption. We do not dispute that on their part, but we are here and we have pleaded not guilty because we did not know.

Let me make a few comments about what you may find to be red herrings in this case, attempts, perhaps well meaning attempts, but attempts made from a particular perspective a prosecution may have once it begins to look at evidence in a certain way, just as perhaps I may have a particular perspective once I look at evidence in a particular way, because each of us are advocates. But, let me ask you to consider what you may find to be some red herrings. From a few of Mr. Glekel's closing comments just here, the question about the purchase price of the Trechon. Mr. Bustard was the very firstwitness here. He said that Livas and Amanatides had represented the purchase price as 5.5 million and he also admitted no evidence of that, there is nothing in the loan file to demonstrate that that representation had been made but he remembered

it and when Mr. Sprizzo cross-examined, he remembered also he had been to Greece and been on a yacht and other things. Bustard testified on his oath, but only on cross-examination, finally on cross-examination, Bustard testified that the loan was made not on the purchase price but on value, that an appraiser in London in whom he had confidence had appraised the Triton approximately 6.6 million dollars. That was the evidence.

This business in Mr. Glekel's closing remarks about the Marilion, Harilion, Ilion and Krilion, you may find sheer speculation. Mr. Glekel asked you to ask yourself why would those fellows in London, Blonsky, Livas, Amanatides later, why would they need a Liberian corporation with these names.

And, he suggested to you they would need that Liberian corporation so they could provide documentation if documentation was ever needed. Remember the evidence in the case and ask yourself if that is not, with all respect to Mr. Glekel, the silliest argument you have ever heard. Did Blonsky, Amanatides need anything to back up the massive false statements they made? If they had to provide a document to the bank from Mitsui or whatever it was or from Scandia, whatever it was, do you think those men in London wanted to have the protection of a Liberian

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company? It's pure nonsense. It's totally inconsistent with everything the government has proved and with everythi we have developed in the cross-examination of their witness.

6A Mr. Glekel talked about this loan sheet, and consider this, because a case not proved is a case not guilty. It is their burden to prove it.

There's been all of this talk in this case about the bank of North America having a lending limit to Tidal Marine. There is not a speck of evidence in this case, and I challenge you to find it, that Mr. Hanlon was never told of any such lending limit, and the witness was-- they called the witnesses, Bachman, Shevlin, not a speck, or Naslas, to my recollection, and certainly not Katritsis.

Let's deal with the government's theory. The government's theory is that there was a lending limit impose by Tidal Marine by the bank and because of that this Scufalos business had to start. Look at the facts.

The six dry cargo ships. That's ther first supposed Scufalos fronting. That is August 11, 1971, August 11, 1971. The undisputed testimony -- that is a closing. The undisputed testimony is that the loan had been approved substantially before that. My recollection, in July. It is your recollection that controls.

Now, the Trechon is refinanced at the Bank of

America on September 28, 1971. That is one month 17 days, almost seven weeks, after the supposed Scufalos fraudulent loan is closed.

The testimony is by their officials, by their witnesses, that this supposed lending limit, which was never communicated to these defendants, the supposed lending limit which caused this great fraud on their part was imposed in connection with the refinancing of the Trechon at the loan meeting which approved the financing of the Trechon.

You ask yourself if that loan meeting was not well after August 11th when that supposed Scufalos fraud took place to avoid this lending limit, and certainly well after this supposed Scufalos fraud took place to avoid the lending limit was approved. Little things. It is their burden.

Mr. Glekel said that everyone, Tublin, Spartalis, Metzger, Shevlin, the ship loan committee, and Bachman from the loan committee, Tublin, the lawyer for the bank, that they all thought that this six cargo transaction was a loan by Scufalos. I don't know what they all thought.

Mr. Bachman testified, and it is uncontradicted, and you may find it's the truth -- I asked him on cross-examination, page 150:

"Am I correct that all of the testimony you gave

this morning with regard to these loan transactions in response to Mr. Glekel's questions and the loan committee's approval of the recommendation of Spartalis, Metzger, Shevlin, the testimony you gave was based upon information which was presented in a fact sheet prepared by Shevlin or Metzger and approved by all three," meaning Shevlin, Metzger and Spartalis.

He said, "Yes."

He said, "In addition they got some oral informatic from these three men."

My question, "So whether it was in a loan fact sheet or orally during discussion, whatever information you have from Spartalis, Metzger and Shevlin all came from them?"

He said, "Yes."

So, of course, of course the senior officials at the bank may have thought it was a Scufalos loan. But no man at this table standing trial in this case gave Spartalis, Shevlin or Metzger any of that information. Scufalos got on here on his oath and said he had given the information. You have got to connect people.

Mr. Glekel said Jim Hanlon could not possibly have forgotten that when he was present at the closing of the Tropis, the Tekton and the Tachys, the original

financing, if they bought from Karageorgis, the original financing at the Bank of America, and I believe it was in London, Mr. Hanlon was in New York -- that the charters at that time were for three years. His words, to my recollection, Hanlon had "Just finished those closings prior to the refinancing on December 24th and February 4th," upon which the charges of fraud are based.

You may find that April, May and July are not just finished when December and February come along and that an awful lot has happened in between. It's not fair to say just finished.

The Anasstasis, that was mentioned. Shevlin's testimony, where he was getting some more money on the Anasstasis. It's the evidence. Naslas never got that vessel. Shevlin never got any money on that vessel. Actions do speak louder than words because you may find that there can be motives for words which do not, you may find, always lead to those words being truthful. Especially you may find Mr. Shevlin's words, but I will deal with him later.

Four people have testified here, all of whom were at Tidal Marine. I can include Mr. Pyrpyris. I will not. Quite obviously he was really acting more as a messenger than anyone else. George Axiotakis testified. He

was at Tidal Marine in New York during the entire year. Not only did he not point the finger of fraud at any of these defendants, but he said during that entire year he had heard nothing in New York about false charters or payoffs to bank officers, nothing in New York.

Joyce Walker testified, and we will deal with her later. Joyce Walker testified that Paul Katritsis -- she says she didn't know whether he had done it, but she was guessing, she must have done it, retyped some financing figures. When she spoke to the FBI the first time, she had said she had done it. She thought that Paul had done it.

The important thing about Joyce Walker, Joyce Walker did not say one word when she was in New York about hearing about any false charters or fraud or bank payoffs in New York. It wasn't a very big office.

Scufalos testified, and we will deal with him later. Scufalos said not one word, to my recollection, and your recollection controls, but Scufalos, an admitted conspirator with Amanatides and Livas, having pleaded guilty, said not one word accusing Jim Hanlon, accusing Costas Naslas, accusing Paul Katritsis.

I asked Scufalos specifically: Did you tell Jim Hanlon in connection with the dry cargo ships, did you

tell him that, as you have testified, you had gone to Metzger, the loan officer, and said I want to borrow the money to pay off my partners?

And Mark Scufalos, an admitted conspirator, said: No.

Marcella Delfos testified. She was in London. She, you may find, told the story of the fraud in this case. She did not state an incriminating word about James Hanlon, about Costas Naslas and about Paul Katritsis; their witness here, according to her own testimony, to help Mark Scufalos who had pleaded guilty.

Scufalos, according to his own testimony, hoping for leniency. Not a single word, no smoking done.

You must look for evidence. It is your duty.

Delfos told you when we cross-examined her about Falon jet trips to Switzerland all by herself to sign false Swiss names at Livas' direction, about the parties, about the clothes, about the Transoceanic getting money and then giving it to Amanatides and Livas, about Blonsky practicing the name Ashford, about Delfos typing charters, about the photostating.

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Mr. Gordon McKenzie got on the stand. He was a nice man from England. You may find he was a nice man from England. He worked for BP Charters. He was telling the truth. These three charters were false.

Delfos told you and the indictment charges -- Delfos told you it was all done in London. You will read that indictment. You will see that the indictment chartes Livas, Amanatides and Blonsky prepared false charters. Not any of these men. That is the indictment, the charge, the government's case. They prepared them in London.

I said -- I only had one question, you may recall one or two, of Mr. McKenzie:

I said, "How long have you been in this business?"

He said, "I have been in it since 1947."

Almost thirty years.

I said, "Have you ever ever seen anything like this?"

Thirty years in the business and he had never seen anything like this.

And these fellows sitting in New York are supposed to have recognized it all when no bank attorney recognized it, the very people charged with protecting the bank.

Bachman, a red herring you may find, what I call the purchase price red herring.

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Mr. Bachman testified for the bank. Page 127 question by Mr. Glekel -- question by the prosecution, in any event -- it was by Mr. Glekel:

"Q Mr. Bachman, what are the general factors which the Ship Loan Committee relied upon during 1970 to 1972 in deciding whether to make a ship purchase or ship financing?"

Bachman, their witness, listed three:

"The ownership, operator of the vessel, loan officers would have to satisfy themselves that the operator had a good record, good background and good history.

"Two, the collateral itself, the collateral. The collateral consists of the vessel and the charterer.

"The other element that would go into the decision would relate the revenues earned by the vessel to the ability to repay the loan."

He went on to testify on cross examination that they had their own appraisers to establish the value of the vessel, not a word about purchase price. The only evidence about purchase price being material in a bank financing, and this came from Mr. Bustard on the Trechon, and that had to do with this line of credit agreement.

You may find from your own experience that that is the case, a bank loans money and the bank wants to be sure it gets the money back. They always do want to be sure they

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get their money back.

What do they look for? How good is your house? How good is your car? Not what you paid for it, how good is it. What can they sell it for? And how about the collateral? You pledge securities or anything else. Can they be made whole? What I call the purchase price red herring.

The Scufalos red herring, the red herring that Scufalos and Tidal Marine and, if I may say Tidal Marine, may I say you may find Ion Livas and Harry Amanatides, the red herring that Scufalos and Harry Amanatides and Ion Livas were separate entities.

Basic theory of the prosecution case is that Scufalos and Amanatides and Livas were separate entities and that Scufalos was used unwillingly, discussed in some circumstances to get money from Tidal Marine to fool the bank. We all know the bank wasn't fooled, paid, but not fooled.

$425,000 at least to Gregory Spartalis. Scufalos got on the stand full of confidence, you may recall him, MarK Scufalos, direct examination. I sold those 12 ships, 43 percent cash, 7 percent cash after thirty day after delivery, 30 percent cash one year after dlievery, 20 percent in Tidal Marine's stock.

In no time he had to admit on cross examination, as he had testified in the grand jury to them, that, in fact,

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the deal was $15,000,000, one-half in cash, one-half in Tidal Marine stock.

In no time he had to admit that.

He denied he was a partner of Amanatides and Livas. He said that the relationship was one of owner, Livas and Amanatides -- I'm sorry, owner, Scufalos insurance broker, etc., to client, Amanatides and Livas. Some owner-client relationship.

He went to Williams & Glyn's Bank in London and got financing for Tidal Marine on the ship, first ships. He gave his personal guarantee on the six ships. He gave his personal guarantee on the Tagma. A personal guarantee of Scufalos was given on the Tropis and the Tekton over here in December. He says, "I didn't give that, I didn't know that was being given."

He told a Court in Greece you may recall, after he was arrested for defrauding his partners, he told a Court in Greece that, yes, he had given that guarantee in December 1971 but over here, where perhaps he may perceive his duty as somewhat different, he says he did not.

Well, you may recall I said to him, "Mr. Scufalos, you say the relationship was owner-client?"

And he said, "Yes."

And I said, "How many times have you left a lot

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of blank personal guarantees signed by you with your clients?"

And he said, "Oh, only once; Amanatides."

We are all too sensible to accept that nonsense, you may find.

Owner-client, Mark Scufalos ran those vessels in the fall of 1971 on his testimony at a loss to his company and he ran them in the spring of 1972 at a loss to his compan And if you recall that testimony, it might have boggled you when he said to Amanatides, "Okay, Harry, so long as you are borrowing the money to pay me back, we will play along." In May of 1972. He didn't say that to Jim Hanlon. He didn't say it to Costas Naslas. He didn't say it to Paul Katritsis. Their witness.

500,000 shares of Tidal Marine stock, and he goes to a meeting with a man named Michael Palmer, an investment banker, and they are not there, and you may recall the testimony. Palmer says:

"I'm at Shearson Hammill and we are going to rais $80,000,000 for Tidal Marine;" and Mark Scufalos has got 500,000 shares sticking in his pocket. They may say, no, it wasn't his, it was his partner's. Well, he got arrested in Greece for defrauding his partners, $80,000,000.

I said, "Was it $80,000,000, Mr. Scufalos?"

He says, "I don't know, it was big."

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I said, "Will you take 60?"

He said, "It was a very big number."

Think of Mark Scufalos' stake and then think of his oath.

Mark Scufalos testified on his oath -- I'm going to find this -- Mark Scufalos testified on his oath, "When did you first hear of" -- this is cross examination, it is at page 214. It is not my recollection:

"Q When did you first hear of Union Commercial Shipping Company?

"A In 1972, as I recall, in November.

"Q November 1972?

"A Yes."

Government's Exhibit D. I showed him the signature. He had to admit it was Ms. Delfos' signature. It is the minutes of the meeting of the board of directors of Union Commercial Shipping Company, June 30, 1971.

In that very same month Harry Amanatides, not these fellows, but Harry Amanatides sent 282,000 shares of Tidal Marine Incorporated common stock to Union Commercial Shipping Company. All right. Delfos got on the stand and she said, oh, oh, I got you, Mr. Fleming. Because there is a typo back here. This was typed June 30, 1972. That's what Delfos said.

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Well, you may recall that one and two are next to each other on the keyboard. You decide whether it is a typo or not.

Ask yourselves '71 or '72 , what are they doing with it? And ask yourselves, even if it were '72, why is Mark Scufalos on his oath saying to you in this courtroom that he had never heard of Union Commercial Shipping Company until November 1972?

You take this, you take Delfos, you take anything you want and Mark Scufalos has demonstrated, fabricated.

Is it any wonder that Mr. Naslas couldn't tell the difference between Scufalos and Harry by May when he was desperately trying to get out of this company?

Tublin, the bank's attorney, Tublin. Tublin sent the Tagma documents to Mr. Naslas even though he thought Tublin said it was a Scufalos loan.

Mr. Sprizzo had to bring all this out. Tublin says at 549:

"I knew this to be a Scufalos purchase."

This is the Tagma. He is representing the bank.

Mr. Sprizzo said, "But you did not send the charter to Scufalos, you sent it to Costas Naslas at Tidal Marine." That is their big argument.

Tublin says he was in attendance at the closing

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on the 15th and signed the papers. He had executed a certificate. It was annexed to the charter and, therefore, I sent him a copy of it.

Question by Mr. Sprizzo:

"Q Was Mr. Scufalos at the closing on June 15th in New York?

"A No, he was in London."

Two closings there.

Question by Mr. Sprizzo:

"Q As a matter of fact, at the time of this transaction" -- this is a question of Tublin, who had been Scufalos' attorney and who is now acting as the bank's attorney:

"Q As a matter of fact, at the time of this transaction you knew, did you not, that Scufalos and Tidal Marine people acted as agents for each other?

"A Yes, sir."

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"Q And you so testified, Mr. Tublin, before the grand jury, isn't that correct?

"A I believe so."

Why do we have to bring it out? Poor Naslas. Guilty? Because he thought Scufalos and Harry were the same? Guilty?

Paul Friedman -- I won't read it all -- it begins at page 466, called by the government, attorney for the bank.

His trip to Greece in June of 1971, isn't that strange? June of 1971, just about the date of these minutes of Union Commercial Shipping. June of 1971. Meets Livas, Palmer, meets Scufalos.

Question again by Mr. Sprizzo on cross examination:

"Q Scufalos, as far as you understood, was part of Tidal Marine?

"A Scufalos told me at our luncheon several weeks earlier that he intended to become the biggest stockholder in Tidal."

June 1971. Until July he did, 282,000 shares.

"Q He is becoming part of the organization, is that correct?

"A Yes, sir."

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Paul Friedman, their witness, and Scufalos, their witness.

Shevlin; do you recall I asked Scufalos whether he had not in fact given Metzger Tidal Marine stock as a payoff and Scufalos said "No."

Shevlin had to admit on cross examination that Spartalis had told him that Metzger was what Shevlin called a professor and that Joe Metzger had received Tidal Marine stock and that Joe Metzger had told him, Shevlin, that Scufalos owned so much stock in Tidal Marine that he had equal authority with Amanatides.

Of course, they kept it all to themselves.

Delfos. Every false charter in London, Paul Katritsis is in London, poor Paul Katritsis at his uncle's word signs Transoceanic charters and they were false.

Did Markella Delfos say Paul Katritsis knew they were false? She was here.

The money theory.

When they introduced the sale of the stock by Naslas, at the end of their direct case, did you say to yourself, now, I see, and were you surprised that Harry had taken all the money back?

And then redirect examination, yes, Mr. Naslas but you got a note which paid you 2 percent a month. Stretchi

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You must look for evidence.

Hanlon on the Petrolasa, they say it was a fraud for him to get $325,000. Sheneman got $325,000. Huerta got $100,000. They had found the ship. You find something illegitimate in that profit.

The ship was worth, according to Bustard's own appraisal, 6.6 million dollars.

The signature theory. Axiotakis signed a certificate because Paul Katritsis told him it was okay to sign it and he trusted Paul Katritsis and Paul Katritsis trusted Harry Amanatides. And you find the difference. You find the difference in the evidence. You find the proof that Paul Katritsis knew anything. He is as innocent as Axiotakis you may find.

Huerta signed documents without reading them, Sheneman signed documents without reading them. You have heard of these closings, seven copies of every document. You may find people looking for one thing and that's the place where they signed their name. Use your common sense. But because it is signed and then turns out to be false, get them guilty. Where is the evidence and knowledge? That is your duty.

The charges.

Katritsis. After all the evidence in this case

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you may have been surprise when John examined Paul Katritsis to find that he was charged with only two transactions. 41 ships, so many refinancings, Paul Katritsis, it all comes down to two transactions, two loans.

The first is the Tekton and the Tropis. He signed one of these equalization letters, from the less developed countries. He put his signature on it. Attached to that if you look at it, it is called a schedule to my recollection, but it is after the signature page, and written on there is the Union Commercial Corporation as the owner of the Aries and the Pisces. It is confusing, but that's what it says.

And Paul Katritsis, because at the closing he signed that acquisition and put his signature there, is said to have committed a fraud in representing that Union Commercial Shipping Corporation was the owner of the Aries and Pisces.

I challenge you to remember one piece of evidence Paul Katritsis even read the piece of paper behind his signature or one piece of evidence that Paul Katritsis had one iota of knowledge of who owned the Aries and the Pisces. That is a charge of criminal fraud against then 21-year old Paul Katritsis, who believed he had the right, in good faith, to rely upon the word of a man who was his uncle and who indeed

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had raised him.

The second charge on Katritsis with regard to the Tekton--Tropis loan, is that he signed something called an assignment of hire. There was a false charter in that one. There were two BP charters which had been raised in London, forged and falsified in London, and they too say five years instead of three years.

Paul signed at the closing a document which is signed, a hire from those charters to the bank to pay off the loan. If you look at that assignment of hire, to my recollection, you will find it does not even mention the term of the charter. It just says a BP charter, he is assigning the hire from this BP charter. That is my recollection.

Where is the evidence in this case? The evidence, not suspicion, innuendo and not Joyce Walker coming in here with this nonsense, where is the evidence that Paul Katritsis knew, should have known, had any idea, that that BP charter was a false document.

You cannot in justice find a man guilty of federal criminal offenses or any criminal offense without evidence. Where is the evidence that he was not fully entitled in good faith to believe his uncle?

The other charge against Paul Katritsis, out of these 41 vessels and 50 closings, is the Tachys. He is now

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working full time in Tidal for about a month and what's the charge? That he signed a BP charter which was false. He signed on behalf of Panayotopulos.

You remember Flemming's testimony that Panayotopul wanted to use a nominee, there was nothing wrong with that, and he used Paul Katritsis and Paul Katritsis became an officer, and Panayotopulos knew it. That is not the charge.

The charge is he signed the charter and he knew the charter was false. It was false in fact, he did sign on behalf of Panayotopulos' company.

Where is a speck of evidence to support a finding that he acted in anything other than complete good faith, 21 years old. I don't say that for sympathy. I say that as evidence. He came to New York; he was raised by this man and he was 21 years old, and that is the evidence. Can you show me any evidence to the contrary?

He went to Axiotakis, at the request of the bank's lawyers, because one document had not been signed at the closing, and you heard the testimony and again from those lawyers that it was rare when everything got done at the closing, and they needed a certificate of the secretary to the charter, and they gave it to Paul and he went over and asked Axiotakis to sign it. It was backdated. Of course it was backdated, because the lawyers want to conform to the dat

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of the closing.

Axiotakis said it himself, he said, "I said jokingly to Paul, is this a good charter? And Paul said, 'Come on, quit focling around.'"

That is the case on Paul Katritsis. They want to argue that he signed the Transoceanic charter also. If he knew they were false, why didn't Delfos say so? If he didn't know there was anything wrong with them, they proved nothing else. It is pure guilt by association. It is not proved. And that is all on Paul Katritsis.

Joyce Walker. You may find Joyce Walker to be an admission that there is no case on Paul Katritsis. You saw her. You judge her and you saw Paul. Joyce Walker came in and said that they were talking in Greek and all of a sudden they talked in English. Isn't that marvelous? All of a sudden they switched to English, just in time to say , "We got to increase these earnings or the bank won't accept them.

Not just to say "Let's go down and have some lunch." They talked in English just to say "We have to increase these earnings."

And the next day she comes back and finds it has been typed. And she says "I don't know if Paul did it, but he typed."

And the very first time she was interviewed by

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the FBI she told the FBI she had retyped the document.

Did she feel a little heat?

Ask yourselves where there is a speck of evidence in this case that a bank, which as Bachman says, looks to collateral, gives a dime about earnings. Whole cloth on her part.

And, they drag it in to show that Paul Katritsis is a criminal, and there is no other way to put it. Consider how many questions Mr. Glekel had to ask Paul Katritsis on cross examination.

Mr. Naslas. You heard his testimony. You saw him. You judge him as a man. I will turn to Shevlin and the accusations of bribery later.

He came to America, an immigrant, and worked. The charges against Naslas, every one of the charges, takes place after Naslas, without dispute, has told Harry Amanatides that he is leaving Tidal Marine because he will have nothing to do with Ion Livas.

You will recall he is in London, is to be interviewed by the investment banker there for this big investment banking thing, and he was told Livas was going to be chairman and he goes to Harry and he says,"I'm out."

Harry doesn't argue. He says "Stay on for five or six months until we can get a replacement."

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He didn't say stay on because we have got some deals to do, we got the money to pay. Read Amanatides' letter. Everything he is charged with happens after that. You see if it makes any sense.

Again, the Tropis and the Tekton. He signed a power of attorney registering the Tropis in Panama as a Tidal Marine ship. This is his crime in that connection.

The Aris. He signed a contract of sale which represented the Wintershall charter to be in effect for five years. Their whole case on him is that he had witnessed the original.

You will recall Mr. Glekel said in his opening he had signed the original and I corrected him. He witnessed Harry Amanatides' signature and it turned out that signature was on the original three-year Wintershall charter. That is their evidence. You go ahead and be convinced, if you are, beyond a reasonable doubt, to your satisfaction, your conscience, on all the evidence in this case that when Costas Naslas witnessed Harry Amanatides' signature in London he knew, Naslas knew, it was to a three-year Wintershall charter and part of a fraud. You go ahead and take that. That is their evidence on that.

Ask yourselves if you have ever witnessed a signature and if you ever knew what the guy was signing to.

hph 1

T7B am 2 The Tachys. The charge against Naslas on the Tachys is that he signed a guarantee, that letter which said that there was a five-year BP charter. There was not a five-year BP charter. It was a phony, fraudulent charter which Delfos said was prepared in London. Here is the letter: December 29, 1971, to Tidal Marine, care of Harry Amanatides: "Enclosed please find original charter party on the Tachys for execution." That's the one Paul signed. It was sent to Blonsky. It was signed over there, Ashford, after hours of practice, sent back, and Naslas is supposed to know.

It's interesting, because they rely upon Pat Martin who says Naslas looked at this letter supposedly and blanched or was startled and left the room. Shevlin says Naslas never left the room. He said he handed it to Hanlon, Hanlon handed it to Naslas and that was it. They say Costas Naslas had to know that the five-year BP charter existing on the Tachys was false because he had witnessed the signature on assignment of hire back in connection a year ago which showed a three-year BP charter. And you heard Jim Hanlon's testimony that there were charters before, Ionic King and Ionic Queen. This is the kind of evidence they are asking you to find guilt beyond a reasonable doubt upon.

hph 2

Pat Martin has a letter which he sends to somebody else that Naslas told somebody upon inquiring the vessel had been tendered. Costas said he had to check with London and he did check with London and was told it was in the repair yard there would be a delay in its operation. Who told him? Harry Amanatides. That's what h[illegible]d Martin. Martin found out there was no charter. He didn't tell Jim Hanlon.

Mr. Hanlon, they charge him with everything. Except, not everything. There are 41 ships here. There were 50 closings. You didn't find that out until we put in our case. These are the charges: Petrolasa and the Trechon. No questions about the facts. Captain Huerta found the ship, he thought it was very valuable, he thought he could work an advantageous deal, he called Mr. Sheneman, Mr. Sheneman could not find the financing, he went to Mr. Hanlon, Mr. Hanlon went to Tidal Marine and Tidal Marine bought the ship. And, he paid the owners what Sheneman had worked out to pay the owners and they paid Kowloon which was Hanlon's company and West Shore, which was Sheneman's company and a company of Huerta's, a $750,000 profit. Huerta is not charged with a crime, Sheneman is not charged with a crime and Hanlon in that connection, you may find, cannot be charged with a crime. The charge

against Hanlon is that he misrepresented to the bank that in fact the purchase price of the vessel was 5.5 million. I go back to Mr. Bustard. Hanlon didn't tell Bustard. If anyone did, it was Livas and Amanatides and Bustard does not even have a note about this. His line of business credits, if you want to infer guilt beyond a reasonable doubt, based upon a draft document which Jim Hanlon receives more than a month after the closing, accompanied by a letter saying, "I am communicating English counsel on this", you have every right to do so but you must carry that in your conscience.

Ask yourselves this question before you connect Jim Hanlon with that supposed false misrepresentation of purchase price. Bustard was a bank. He came here from London. McKenzie came here from London. If there was a lawyer in London who could say, I worked out the line of credit with Jim Hanlon, Jim Hanlon knew the terms of the line of credit, and he knew it before the Trechon and he knew that they couldn't loan that much unless there had been a misrepresentation, if there was a lawyer in London that could say that and Bustard was here, and McKenzie was here, where is that lawyer?

MR. GLEKEL: I object, your Honor. The government's process does not run to London.

THE COURT: Yes. The government has no subpoena power of getting people from London to New York.

MR. FLEMING: The Harilion, Krilion, Ilion and Marilion. In October Blonsky asked Hanlon to form a Liberian company called Unimar Sea Transport. Jim does it. He doesn't do it in a false name, or a mail drop. He calls the Liberian ministry: "I want to form the company, bill me for it." The vessels are financed, I believe, in December and January, and six months later, Blonsky calls and he says, "We have formed Mitsui and Blue Funnel", if my recollection is correct. Hanlon calls the ministry and he does it. He says"This is Jim Hanlon, bill me." He doesn't use a false name or a mail drop. And they say fraud. They say it was necessary, as I have said before, so that if these people in London had to provide any documentation in connection with that loan, they would have a company, they would have a letterhead. These people Xerox letterheads by the dozens, these people in London. Where is the evidence that he told Jim Hanlon that this was a front? What is he, a computer? According to the government, he is all mixed up in fraud in August in connection with the Scufalos six-ship loan and he gets a call from Blonsky, and he is all mixed up with fraud again. He is a computer.

You press a button and he remembers everything that happens in his life. Those are the facts on Hanlan. You go ahead and you do exactly what you want to do with those facts. He has testified that he acted in good faith and no person has testified in this trial to say the contrary.

Documents, telexes, hundreds of corporations. The six-ship loan you might find a complete joke with regard to Hanlon.

The charge is that the bank was deceived, that Scufalos went to Metzger and told Metzger, I want a financing on these ships so I can buy out my partners. And, that's the way Metzger presented it to the bank and, I suppose, he did but he never told Jim Hanlon that and Mark Scufalos said in his oath that he didn't tell Jim Hanlon that and Mr. Bachman of the bank was here and he didn't tell Jim Hanlon that. What is the evidence of what Jim Hanlon knew? He was there representing Tidal Marine, he billed Tidal Marine Scufalos himself said, "I did not retain James Hanlon and did not pay James Hanlon." Sure, Scufalos guaranteed the loan. So did Harry Amanatides guarantee the loan. And every one of the six purchasing corporations, right there in front of the bank, every one of the six purchasing corporations was a Tidal Marine subsidiary formed by Jim Hanlon and every one of them had the name of a star and there were corporate resolutions with regard to every one of those six corporations and they have the names of the officers and one of the officers was Paul Katritsis, Tidal Marine. That's what Jim Hanlon knew.

You may find out that's what the bank knew too, but that's another story.

Where is the evidence, the evidence, the evidence that Jim Hanlon participated in a fraud of the bank in

connection with those six ships? Where is the evidence?

The Tekton and Tropis. We're getting to some evidence now and you are going to have to resolve that evidence.

Martin, he was the attorney for the bank on that transaction. You may find his testimony to be very interesting and very revealing. He testified that Jim Hanlon had said to him, Pat Martin, that Jim Hanlon was representing Scufalos on the transaction, that Scufalos was the borrower. That's these two right here. (Indicating) Actually re-financing. Scufalos was not the borrower. Pat Martin came in and said Jim Hanlon told him that Jim Hanlon was representing Scufalos as the borrower.

As Jim said, just the opposite, he thought it was a re-financing for Tidal. But, consider Martin's testimony in this light before there is a rush on judgment. Pat Martin insisted that Hanlon had said, I'm representing Scufalos. Remember this testimony. Do you remember Martin said the loan officer in the bank was insisting upon an assignment of the stock in the Aris and Pisces -- they were the purchasing corporations -- the bank was insisting upon additional securities. They wanted the stock in the borrowing corporation.

Metzger, I think, wanted the stock in the

borrowing corporation and that he went to Hanlon and told Hanlon that and Hanlon came to the closing and Pat Martin said that he asked Hanlon for the stock as additional security and Hanlon said to Martin, according to Martin, you can't have it, my client won't let you have it.

Then you recall Martin said Hanlon went out in the hallway and that he, Martin, went out in the hallway and that he, Martin, talked to his client, Metzger, the bank loan officer and that Jim Hanlon talked to Harry Amanatides. Not to Mark Scufalos. To Harry Amanatides, and then Martin said Harry Amanatides then went in and spoke to Gregory Spartalis and they talked in Greek and Spartalis came out and said okay, we don't need the stock of the borrowing corporation.

Now, how really can Martin's testimony be credible that Jim Hanlon had told Martin that he was representing Scufalos when in connection with that item, to the sight of Pat Martin, Jim Hanlon had said no, the client won't let you have it, Jim Hanlon then went out and talked to Harry Amanatides, Martin talked to Metzger, Martin had seen Amanatides talking to Spartalis, had heard them talk, Greek and heard Spartalis came out and say that they don't have to produce it.

I'm not saying Martin wasn't fooled. I don't

cast names. I'm not talking fooled about this, but I'm talking about fooled by Spartalis and Metzger and all those people.

But, you remember that Pat Martin found out that there was no market on the Tachys. He found out there wasn't any and he never told Jim Hanlon and he never went to the president of the bank and told the president of the bank, never went to Mr. Bachman and told Mr. Bachman. Then the investigation began.

Now, they want you to convict Jim Hanlon and you are free to do so, if it convinces you, that he committed fraud in connection with the Tekton and the Tropis because of this representation that Union Commercial Shipping Company owned the Aris and the Pisces and they put in a stock transfer book which demonstrated that 15 months before, Mr. Hanlon's secretary, Anna Diaz, had transferred the shares to the Galaxy. And they said because Jim Hanlon said that Union Commercial owned the Aris and the Pisces, he was telling a willing and knowing lie, because there is no doubt anyone in those circumstances would ever remember that 15 months ago, the stock in that corporation had been transferred to the Aris and the Pisces.

Jim Hanlon said on the witness stand the first time he remembered that was when Anna Diaz testified in this

trial. I'll leave it to you, but that is the quality of their proof. They're expecting people to be computers.

The Tachys, the charge against Hanlon on the Tachys is that he signed a letter, to my recollection, addressed to Panayotopulos, not to the bank, in which he represented there was a five-year BP charter on the Tachys. There was not a five-year BP charter on the Tachys. We have never disputed that. Mr. MacKenzie said he had never seen anything like it in his life, but it was a false charter and Marcello Delfos told you how it had been done.

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1A 2 Their whole argument on Hanlon, no one has come
3 in here and said he knew. What they want you to do, they
4 want you to find Hanlon guilty of fraud because Hanlon
5 had been in a closing back about 9 or 10 months ago by this
6 time in which these vessels had been financed on the Bank of
7 America. The financing was in London. Hanlon was in New
8 York. Hanlon may have found out at that time that at the
9 time these vessels were scheduled to go on a BP charter in
10 late 1971, but one three year BP charter. That is the
11 evidence.
12 If you knew that in May, then you had to know that
13 a five year charter produced by Amanatides must have been
14 false.
15 Hanlon said, and it's not contradicted, on at
16 least two occasions, the Ionic King, Ionic Queen, same
17 company, BP charter, his recollection was that BP had extended
18 the time of the charter. If he remembered, it wouldn't have
19 meant a darn thing to him. That is the quality of the
20 evidence. I leave it with you.
21 The Tagma. Epidavros was the purchasing corpora-
22 tion. Jim Hanlon says he believed it was Scufalos. He
23 didn't organize that corporation. Epidavros is not the name
24 of a star. Hanlon thought it was Scufalos. He testified
25 he thought it was Scufalos.

Scufalos comes in and he says he told a lie, he signed a certificate which said he was the 100 percent owner of the Epidavros.

Scufalos testified on his oath that he never told Jim Hanlon that, but Hanlon is guilty of a fraud because he believed Mark Scufalos and because he believed Epidavros was a Scufalos company and because he believed Scufalos was the purchaser, and because he sent a letter to Tublin saying, here is some of the documents you need and here is -- on Monday I will have the guarantee of Mark Scufalos for you. Interesting about that letter.

Why would Jim Hanlon have added, "I will have the guarantee of Mark Scufalos for you," and he's the guy that owns Epidavros, if he thought that was a false statement? A pure gratuity. He's hung on that letter because they say he knew.

I ask you to find that from the evidence. They say to Hanlon, you sent some documents to Naslas after that closing. So did Tublin. Why did Tublin do it? Because, as Tublin said, as far as he was concerned, he knew Scufalos. He represented Scufalos. As far as he was concerned, Scufalos and Tidal Marine were acting as agents for one another.

What did poor Naslas say? At that time he

didn't know which was which. That's the case.

The Aquario, the same thing. Charter, not a ship.

Captain Huerta found a charter which he felt was of some value. Mr. Hanlon testified, without contradiction, his judgment, it was worth $800,000 to $1 million in revenues. There was no ship. Huerta went to Sheneman. Sheneman spoke to Hanlon. Hanlon spoke to Amanatides. Mr. Amanatides found the ship.

Remember, it was a ship without a charter. This was the Thornhill or something like that. It was a ship without a charter. The purchase price was $795,000.

I'm sorry, I did not -- there's a charge here against Mr. Scufalos also on the Tagma. The charge is a very simple one. He signed one of those equalization letters, too, about less developed countries and attached to that, behind his signature, is a representation that Epidavros is the borrowing company and it's owned by Scufalos. That's the charge. No evidence he knew to the contrary.

Now, back to the Aquario. He goes to London, Hanlon goes to London, and he finds that Amanatides already has a deal for himself, Amanatides and Livas and Brent. Remember Brent?

They have obliged themselves to pay the Thornhill,

the owners of that vessel, $795,000. Hanlon pays in $79,500 of his and sends his money into an escrow account, Thornhill, Brent. Then there are the two bills of sale.

The prosecution keeps saying, what did you pay Brent for the vessel? The big fraud.

That's why I have a blackboard. I know it's late and I'm sorry to take this much time.

Brent is Livas and Amanatides. Brent has contracted to pay $795,000, about $800,000 to the Norwegians for the ship. Haven't paid yet.

Brent, Levas and Amanatides give that rate, which is what happened, gave that right to Southeast Tankers, Kowloon, Westshore Tankers, Huerta's company.

What do Amanatides and Livas get back? They get back a 50 percent interest in Southeast Tankers. It's undisputed. What is it worth, a 50 percent interest in Southeast Tankers?

Well, it's worth a ship. I will write down $1 million. You can write down $800,000. Southeast has the right to the ship and they have the charter. They have a right to buy a ship for $800,000 and they got the charter. That's $1,800,000. Except there's one hooker. That is, the Southeast has got to go and borrow the money to pay for the ship.

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They go and they borrow the 700 some odd thousand dollars. We will just take 800 off to make it even. You got a million, a million net worth. 800,000 worth of a ship, a million worth of charter less Southeast's obligation to pay back a $800,000 loan, a $1 million net worth.

What's one half of that? $500,000. Livas and Amanatides, as Brent, get one half of that, $500,000, and they get something else. They get out of their obligation to pay the Thornhill $800,000 because Southeast takes it over.

The government keeps saying what did Brent get? That's what they got. Jim Hanlon, that great fraud artist, does Jim Hanlon go and prepare a false bill of sale saying Thornhill to Southeast, $1,300,00? That would have done the trick. He doesn't do that. He takes the two bills of sale, Thornhill to Brent, Brent to Southeast. He doesn't send Marcello Delfos under an assumed Swiss name to the Liberiam Registry. He sends Jim D. Hanlon on the very same day, and he says here they are, two bills of sale. Fraud artist? It's a matter of prospective.

Remember Nicholas Cotzias when you are thinking about this. He was their witness. Nick Cotzias testified on cross-examination: You take a charter and you put a charter on the ship and it can double and more than double the value. You got the ship, it's one thing. You take a

good charter, you attach or put the charter on the ship, and Nick Cotzias, their witness, said it can double or more than double the value of the package.

They look at Hanlon and they say, what did Brent get for the fraud?

Why is it that it's Blonsky that is using phony names and not Hanlon or Katritsis? Why isn't Katritsis signing phony names? Why isn't Naslas signing phony names? Why did Naslas sign his own bribe check? You answer that question.

We come down to the charter. Before we get to the charter, Jim Hanlon got on the stand, and you can accept or you can reject it, but he starts out ahead. Unless you are convinced of his guilt beyond a reasonable doubt -- he is presumed to be innocent. He knew what the charter on the Aquario was. He knew it was 33 months. He knew Dedone appeared on it and Aquario was added as an addendum. He didn't dodge any of that on that stand. He said he knew all of that. He said when the re-financing came along, that the original charter was in London and he prepared a certificate for Livas' signature. He prepared it here in New York. He mailed it to Livas. He came back and it was signed by Livas. He gave it to the bank. He says he did not take the time to read it and he says he didn't take the time to read

it because he knew what it was.

I cannot argue that one way or the other. It's what he says on his oath. There really is no evidence to the contrary.

Are you willing to say that you are convinced beyond a reasonable doubt that he is a liar? 41 ships, 50 closings, he knew what the charter was and he gave it to the bank. Really, is he fool enough? If he had read it and seen it was raised, is he fool enough knowing his connection with the original charter to take it down to the bank? Why is Jim always out front if he's a crook?

John says Peter Flemming, two M's-- Peter Flemming found that there was no charter on the Tama. There is no charter on the Tama. I cannot even find it on the chart. But the Tama financing was in April 1971, if my recollection is correct. Peter Flemming, J. Peter Flemming representing the bank, he found that there was no charter on the Tama. He never told Jim Hanlon, to my recollection. He talked to Spartalis, Metzger and Shevlin and he did not tell Bachman or the president of the bank. I'm not knocking J. Peter Flemming. Everyone was trusting everyone. If J. Peter Flemming had gone to the heads of the bank with the Tama information in the Spring of 1971, would we be here at all? And he didn't. He may have felt a little heat. He

comes in and he testifies that Jim Hanlon called him orally, told him that the time on the Aquario charter was three and a half years.

8B a.m.

gwlt 1

I cross examined him. They show you a letter that Flemming wrote, February 3rd. I cross examined him:

"Q Mr. Flemming, you have just testified that you wrote a letter to Mr. Hanlon dated I believe February 3rd, in which you requested the information with regard to the charter, is that correct?

"A That is correct.

"Q Did Mr. Hanlon write you back giving you that information?

"A Not to my knowledge.

"Q Did he call you?

"A I can't recall.

"Q Isn't it a fact that all Mr. Hanlon did was bring to the closing the charter with the Livas certificate on the top of it?

"A I don't believe so.

"Q What does that mean?

"A The information was given to my office prior to the closing , except, I believe with respect to the commencement of perhaps the correct name of the charter."

He coudln't say he had gotten that information prior to the closing because he wrote that in at the closing. I said:

"Q Who was that given to?

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"A It was either given to me by an assistant or my office.

"Q Do you have any specific recollection of it being given to you?

"A I have no specific recollection.

"Q What is the name of the assistant in your office who received it?

"A It could have been my secretary."

Upon that recollection they ask for a criminal conviction and I said:

"Q Did you testify in a deposition, Mr. Flemming, about this particular charter?"

And he said:

"A Yes, February 9th and 10, 1976."

I asked him if he was asked these questions and did he give these answers under oath. This has to do with th Tama. Page 319:

"Q In connection with the work that you performed on this transaction, did you or anyone acting on your behalf undertake an investigation of, to use the words of Exhibit 10 three-year time charter with Shell Oil Company?"

This is not on the Aquario.

"A We obtained," and this is answer by J. Peter Flemming -- "We obtained certain documentation respecting tha

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charter, yes.

"Q What was that documentation?

"A A copy of such a purported charter, a certificate from Livas representing that charter to be a true and correct charter.

"Q Were you asked those questions and did you give those answers under oath?"

His answer:

"To the best of my recollection, yes."

In connection with the work he performed on this transaction, that is the Aquario:

"Q Did you conduct an investigation?

"A Yes, we obtained certain documentation, the charter and the certificate from Livas."

Just what Jim Hanlon said happened.

Let me ask you a few questions about Hanlon.

You heard him cross examined on Friday. He was on the stand the whole day. He was cross examined about three hours, you may recall.

You may have found it a little cute. The line o credit, a draft agreement, January 4th, a month after the Petrolasa financing. That is their evidence on that. The Tropis and the Tekton, this three year charter business, back in April, May and July, but no mention on this cross

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examination of the extention of the charters on the Ionic King and Queen.

Then the May and the June.

The May and the June, when you consider where the truth is in this case, consider that examination with regard to the May and the June.

Mr. Hanlon told a very simple story. He was in Greece and Scufalos sold these ships. Two of them were the May and the June. They both had charters to the Cuban government or to a Cuban company. They could not be acquired by an American company. To his recollection, Livas substitut two vessels, the Timi and the Triton for the May and the June on the Scufalos deal.

It is interesting, just to refresh your recollection, that on these minutes of Union Commercial Shipping Company, Ltd., signed by Scufalos, signed by Delfos, it lists all those ships and it lists the Timi and the Triton. It does not list the May and the June. So perhaps Mr. Hanlon's recollection, you may find, is correct.

The May and the June were taken to Williams & Glyn's for financing by Scufalos. He also helped Tidal get financing for the Capetan Pantelis, whatever it is. And Hanlon's partner, Sheneman, did work on the Capetan Pantelis. They did no work on the May and the June. The Williams &

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Glyn's financing.

Then there was the refinancing of the May and the June here in New York. There is no charge against Hanlon on that. There was cross examination on it.

Jim testified that he believed it was a refinancing of Scufalos, Livas vessels. Livas had thrown the Timi and the Triton in in place of the May and the June which Tidal Marine could not take because of the Cuban charters. Livas had gotten an interest in the May and the June with Scufalos. And they went right at him. They showed him the loan folder on one of the two vessels and it was 3:30 in the afternoon, 4 o'clock. Five hours on the stand.

Aha, where is Livas, and it was Revinthis and somebody else, do you recall it, on the equalization thing?

Livas wasn't there. It was the Scufalos people, not Livas. They showed him one. We had to show him the other. The June, I believe. Livas and Scufalos.

You may find that where you have a case of guilt established, you did not engage in such inadvertence. So you may find that the May and June was just what Jim said it was, just as you may find everything else was as he said it was.

They bring Mr. Petrie in here to say that Jim Hanlon is a liar because Mr. Petrie is fiddling around with the date. I said:

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"When was the date?"

He said, "March 1972 after the firm had broken up."

He said that Jim Hanlon had said -- they asked Jim Hanlon, "Do you own any interest in Tidal vessels" and Hanlon said "No," and he did not. Because when he had an interest in the Aquario, it was not a Tidal vessel. After th financing in January, well before March, he didn't have any interest at all because Harry had taken that, taken Ji 's 57,500 investment and Sheneman's 57,500 investment, just like he took the 425,000.

They bring John Sheneman in. Another lie Hanlon tells.

Sheneman says that -- I asked Hanlon -- "Huerta called me and aske me if the ship had been sold. Jim Hanlon told me no." Jim Hanlon told Sheneman the ship had not been sold, the Aquario. What was Sheneman saying on cross examination? What was he talking about, that he had Hanlon were talking to Amanatides about getting the money that was owed them because Tidal had taken the stock to the ship. That is the best they can do. That is their federal, criminal case.

Now, one other thing on these transactions.

They have said throughout this case that these men knew. The question you have to determine is whether there is

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evidence here of knowledge. You ask yourselves whether evidence here is not one of complete good faith. They relied on Harry Amanatides.

Do you rely on your boss? You cross examine him, your friend?

In Paul's case basically your father.

Bachman did not cross examine Spartalis and Metzger and Shevlin until July of '72. He thought they were conscientious people. None of the bank's lawyers cross examined anybody or doubted anyone until July of '72.

Flemming sat there knowing the Tama charter did not exist. He did not get upset about it. He thought it would work out.

Martin sat there and knowing the Tachys charter did not exist and he did not tell anybody.

Did they know? That is the question.

Then with regard to Costas Naslas, did he pay a bribe? They rely on John Shevlin. That's all they rely on, plus these checks.

You remember Shevlin. You may find he sounded like a tape recorder on direct examination. He said he had been promised $70,000.

I asked him if he had received any other money from Amanatides and he said "Never, never;" didn't want golf

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clubs, didn't want stereo sets. But think about his statement that he had not gotten any money from Amanatides before.

What was he doing?

He knew that the Tama charter was missing. He didn't tell Jim Hanlon and he did not tell his boss. For free?

He wrote to the independent certified public accountants auditing this public corporation. He, Shevlin, he wrote them a confirmation and he wrote them a letter as late as September and he told them that the Tama was chartered, and he lied, affecting the financial condition of that company. He did it for free?

Metzger told him before the six ships deal that Scufalos owned so much stock in Tidal Marine that Scufalos had equal authority with Harry Amanatides. That is at page 877. He never told Bachman or anyone else at the bank and he didn't put it into any reports. For free?

Shevlin testified that he knew Transoceanic was a Livas company and he knew because he was at the bank that the bank didn't like charterers, owners chartering their own ships or people affiliated. He never told the Loan Committee. For free?

Spartalis told him that Metzger had gotten Tidal Marine stock. He never told the Loan Committee that and he

gwlt 9

misrepresented outstanding Tidal borrowings on the fact sheet for the Trechon.

That is Shevlin. That is all before this marvelo wonderful, glorious meeting when good old Gregory Spartalis siad "We are going to get $70,000 apiece," and Shevlin threw up his hands and he said --this is all before then -- he says he never got a dime for all of that.

Gregory Spartalis got a check for over $100,000. My recollection, $150,000 in July 1971, Gregory Spartalis, from Ion Livas.

You make up your own mind as to whether Shevlin is telling the truth.

The first time he was offered money by Harry Amanatides was in the fall in connection with these four ships. Then he came down and he talked and he hopes for leniency and Costas Naslas is on trial, 12 to 15 meetings, and he gets on the stand and he testifies on direct, and you would have thought -- you may find, that Costas Naslas was running Tidal Marine.

He tells of the bribe payment by Naslas. He says that Naslas clals him and that Naslas says to him that "I know that we owe you and Joe $20,000."

He says Naslas said that to him on the telephone.

At page 831-832, on cross examination, he is

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forced to admit that when he testified to the same purported incident in April, ne hever said that.

Stick it to Naslas.

You saw Costas tesitfy. Can you hear Costas saying "I know that we owe you and Joe $20,000"?

If you don't believe that Naslas said that, what does it make of Shevlin?

At page 838, he testified here he and Metzger went to Costas Naslas' office for the second payment he got from Naslas. They went upstairs and it was too crowded. There were accountants all over the place. Naslas came out and got him and said, "LEt's go downstairs," and in April when he testified to exactly the same supposed event, he neve said that.

I said, "Were there more people upstairs"?

It is 5 o'clock in the afternoon. Does it make any sense to you? It is 5 o'clock in the afternoon. They go over to Tidal Marine, according to Shevlin. They walk upstairs, Metzger and Shevlin, the do-good boys.

They walk in and ask for Mr. Naslas. There's so many people around Tidal Marine. Mr. Naslas, who has a door on his office, says, "Let's go downstairs," and so he takes them downstairs, and it is 5, 5:15 in a major office building in the City of New York, in the lobby, and Costas

pulls out the white envelopes and says, "Here you are."

Does he go in a taxi? Does he walk out and go down to the East River? Does he say "Go into the office and I'll shut the door"? No.

In April he forgot, Shevlin forgot that actually he had gone upstairs and then came down.

Unrelated matters. On his direct examination he said he dealt primarily with Naslas in connection with the refinancing of the Aquario.

Page 855-57 of the cross examination. A statemer to the Bank of North America. The Aquario transaction had come from Livas through Amanatides.

In his direct examination he said application on the Tama by Amanatides or Livas -- I'm sorry -- and/or Naslas. Get Naslas in there.

You look at the fact sheet on the Tama. The application comes from Amanatides. He admits that.

Page 864. He says he told Naslas of the missing Tama charter.

He testified in April about the same transaction, and he said Flemming told him about the missing Tama charter and he went right back to Spartalis and he told the Bank of North America's attorney the same thing. It is at page 864. No mention of Naslas until this trial.

gwlt 12

At 886 he says he went to Barbados on the 11th, 12th and 13th of February.

Ask yourselves why he said that when the fact is his passport discloses, and it has been stipulated, that he went to Barbados on February 18th. Not much of a difference.

He told Mr. Gordan that Naslas had paid him one or two weeks before he went to Barbados. So he had to shove it back to the 12th.

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He says he dealt with Naslas on loan application. I went through one application after another and every one was Amanatides.

He testified about a luncheon in April and May, 1972. He had Livas there in April with Naslas and Amanatides, Shevlin, Metzger and Spartalis. In May he had Naslas with Amanatides, Shevlin, Metzger and Spartalis. He had Naslas everywhere on his direct examination.

And I showed him questions he had beenasked and answers he had given in 1972 to the attorneys for the Bank of North America, and Naslas was no where near those meetings.

And I said, "Were you asked those questions and did you give those answers during that interview in October, 1972" -- page 906 -- and he hsaid, "Yes, it appears I was asked those questions.

"Q Did you testify at that time --

"A I think they came to us in April, April something like that, and asked for a moratorium.

"Q Who came to you when you say 'they'?

"A It must have been Amanatides. I believe we had a luncheon with Amanatides, Metzger, Spartalis and myself."

And,

"Q Did you go on and say that Amanatides had asked you for the moratorium?

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"A Correct.

"Q You have read those pages. Did you say that Naslas was present at either of those meetings?

"A They are not in those pages, no."

And the Leidesdorf letter, Mr. Marmaro and Mr. Glekel gets up on redirect examination, because I had examined him about making false statements to the auditors, and Mr. Glekel says:

"Q Will you tell the jury how you came to write this letter to S. D. Leidesdorf?"

And Mr. Shevlin:

"A Yes. I believe that was right after the Tama loan was paid off. Mr. Naslas came in to me with a letter already written. He said to me we needed this thing for the accountants to go ahead,"etc.

Naslas. And then at page 922, and you can ask for it, I read to him testimony which he says he gave about the very same thing in 1972:

"Q Do you remember this letter to Leidesdorf on September 30, 1971.

"A I recall it. It is possible Amanatides may be called up and said if you put us in default or something like that it would look bad for us."

But now at this trial, in 1976, when only Costas

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Naslas is here, it is Naslas, Naslas, Naslas.

Nonsense. Not Naslas.

And perhaps best of all, Shevlin:

"Q Did you believe Harry AManatides was crooked when you found out there was no Tachys charter in '72?

"A I certainly had grave doubts about him at this point."

Shevlin. March 1972. No Tachys charter:

"Certainly had grave doubts about Amanatides at this point."

That's John Shevlin. And they want you to put him on that word. It makes no sense, and no sense, makes no case.

Does it make any sense at all to you that Costas Naslas, about to pay a bribe, would sign a check to get the money to pay the bribe?

There are two checks in this case, and they are virtually identical. One on January 6th, $20,000, signed by Naslas, endorsed by Katritsis.

Paul testified he got the money and he gave it to Harry.

January 28th, $20,000 signed by Naslas, endorsed by Pyrpyris, and he gave it to Naslas and Costas said he gave the money to Harry.

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Now you tell me in your deliberations why Amanatides pays Naslas and Metzger with the first $20,000 and Naslas pays with the second. That is, why Amanatides pays Metzger with the first $20,000, and Naslas with the second. And you tell me why Naslas signs a check with his name to raise bribe monies.

A.M. hpcg 1543

And the photographs. Do you remember the photographs? Do you remember that nice fellow, Mr. Dallas, the photographer. He came in and said he went to the Christmas party -- they were trying to make it a New Years' party, do you remember that? It turns out it was December 21, 1971, the hotel records. Dallas came and testified that he had taken the pictures and he had delivered them within one to ten days, ten days at the outside, and Shevlin says at the end of January, he got the photographs and the money from Naslas at the same time.

Cotzias testified he received those photographs around the first of the year, shortly before, shortly after, and he said I divided them up, put them in packages, mailed some of them out, Harry told him "Don't send these two, they're coming over."

Now you look at Dallas' testimony, you look at the Greek newspaper. Sometimes you get some luck. The January edition, the picture of the party. You decide when those photographs were delivered to Naslas. If Dallas is telling the truth, they got there about the first of the year. You decide whether Naslas held onto the photographs, hoarded them, kept them close to his breast until the day would come towards the end of January when he could deliver the photographs together with a white envelope containing

$10,000.

I cannot keep you any longer. It would be unfair.

The fate of these three people is entirely up to you. We have asked for certain things. We have asked for your oaths; we have asked for your sense of what your duty truly is, and that is to find evidence, if you want to convict in this country; we have asked for our presumption of innocence, because you would want it if you were here caught up in such a morass. Jim Hanlon is an attorney, 48, 49 years old, and has a family; Naslas, he is 48, 49 and has a family. Paul is a young man. Their good faith -- they did not have to testify in this country, they could have sat there but they got on the stand -- and they told you they acted in good faith. Their good faith is a complete defense in the indictment, to each and every charge. But we do not have to prove their good faith. They have got to prove their bad faith.

You look into your consciences. You ask yourself: Is there evidence, evidence, evidence here of guilt, of knowledge, of complicity and conspiracy. Do I believe John Shevlin beyond a reasonable doubt. There is no other human accuser who has appeared in this courtroom. We said at the beginning of the case we thought you would see here

two levels of conduct: Amanatides, Livas, Blonsky, Scufalos, Spartalis, Naslas, Shevlin and these three men caught in the middle. We told you, you would have a difficult job, as any human being would, in parcelling out this mess. They were there, they signed documents, they knew the man, they respected the man, they say they acted in good faith and it is their burden to prove to you by evidence that they acted in bad faith.

As I said before, if you have questions, this case is not proved, and a case not proved is not guilty. We ask you one thing, aside from that. If you relieve them of the agony inflicted on them by the fact that they happen to know Harry Amanatides.

THE COURT: Ladies and gentlemen, you are now excused until 3 o'clock.

(Jury left.)

(Recess at 1:55 p. m.)

A p.m. hptl 1 1546

AFTERNOON SESSION

3 p.m.

(In open court - jury present.)

THE COURT: Mr. Glekel.

MR. GLEKEL: May it please the Court, ladies and gentlemen of the jury.

Much of what Mr. Fleming said before lunch I'm sure was interesting and eloquent. But, I submit to you, of very little relevance in helping you deal with the evidence against his clients in this case.

Much of what he said was an attempt to divert you from this evidence. And, as their attorney naturally hopes, that these diversions will be successful and will result in the acquittal of the three defendants who have retained him to defend them.

Now, I am not going to respond to all of Mr. Fleming's arugment. I will let the evidence do much of that, but I am going to speak to several points raised by him.

Now, let's first of all take a look at Costas Naslas.

This is the man who, according to Mr. Fleming, trusted Harry Amanatides and thought Amanatides was an honorable man. Let's see just how consistent Mr. Naslas' actions are with those of an innocent man who was duped by

Harry Amanatides. Let us take a look first of all at the payoffs.

Now, according to Mr. Naslas, he learned in early January that Mr. Amanatides, according to Mr. Naslas, his unknowing assistant, was paying bribes to John Shevlin and Joe Metzger to two officers of the National Bank of North America who Tidal Marine dealt with.

He admitted that right on the witness stand.

What did Mr. Naslas do when he learned that? Did he tell Mr. Amanatides you shouldn't do it? Did he tell him it was wrong? Did he go to the authorities? Did he tell him to stop it? Did he even stop dealing with the bank officers? No.

Mr. Naslas continued at Tidal Marine, he continued dealing with Mr. Shevlin and Mr. Metzger, day in and day out. He continued signing documents on Tidal Marine loans. In fact, three major Tidal Marine loans in connection with all of which Mr. Naslas played an important role:

The Tachys loan, the Aquario and the Tagma loan occurred after Mr. Naslas by his own testimony, learned that these people he was dealing with day in and day out had been bribed.

I suggest to you those actions are not consistent with an innocent man who has been duped, has been duped by a

man who he believes is honorable.

Ask yourselves how could Mr. Naslas believe Harry Amanatides was an honorable man in January, February, March, April, May and June of 1972?

Mr. Fleming also tells you that how can it be believed that Mr. Naslas knew thatthe checks he signed were being used for payoffs when he signed them and put his signature, his real name, right on the checks. I think the answer is obvious. He was engaged in concealment. The checks indicate that the purchase of these payments were to go to the crew of the Aquario. They say "Cash to Master of the Aquario This was the deception.

As to why Mr. Naslas put his signature on the checks, you heard Mr. Shevlin and you heard the evidence as to the signature cards. There was no way that money could be withdrawn from the bank unless either Mr. Naslas or Mr. Amanatides , the authorized signatories, signed the checks.

Mr. Fleming has also suggested that somehow Mr. Shevlin has his dates wrong because the Christmas pictures must have been delivered to the bankers before late January.

First of all, I think you must realize the delive of the Christmas pictures to the bank officers may not have been a matter of particularly high priority but more importantly, whatever point he hs getting at, I certainly don't

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see because Mr. Naslas admits himself that he personally gave the pictures to the bank officers in envelopes which contained $10,000 as well.

MR. FLEMING: I object to that last statement, your Honor.

THE COURT: Overruled.

MR. GLEKEL: Now, Mr. Fleming has also had a lot to say about credibility, about the credibility of Mr. Shevlin. I suggest to you that the testimony you heard from John Shevlin unlike the testimony you heard from Costas Naslas, made sense and was consistent in all material respects. In any respects where he may have forgotten something or there may be inconsistencies, they are minor, insignificant, not the types of things a man would lie about and have absolutely nothing to do with the guilt or innocence with Mr. Naslas in this case.

Moreover, I think you should realize, must realize, that the only interest Mr. Shevlin had in testifying from that witness stand was in telling the truth. He certainly had no interest in incriminating and implicating Mr. Naslas.

As you heard, he is presently awaiting sentence and you can be sure he does not expect the sentencing judge, Judge Pollack, to reward him for perjured testimony.

MR. FLEMING: Objection.

THE COURT: Overruled.

MR. GLEKEL: In fact, the individual who has the greatest stake in this matter, the individual witness in connection with these payoffs, is the defendant Costas Naslas.

I submit to you that his story, his testimony about handing the envelopes of cash to the bank officers, and being told a second or two thereafter that they contained $10,000 in cash, is a clear fabrication invented and devised for no other reason than to meet the proof against him which he had a full opportunity to listen to prior to his testimony.

What your choice comes down to is between believing a man who realizes he has done wrong, who has pled guilty, and is awaiting sentencing and in believing one who is desperately seeking to avoid conviction, to avoid the consequences for what he has done.

Basically, what Mr. Fleming's argument comes down to, that since the man who was corrupted by bribes, since that man has pled guilty, the corruptor, the man who made the bribes, should go free.

I suggest that that argument contains its own refutation.

I think you also have to consider the corroboration, the other evidence in the case consistent with Mr. Shevlin's testimony.

You heard Mr. Shevlin say that one payment was

made in American Express checks, that he received six and Metzger received six, that Shevlin kept his and turned them over to the government subsequently as evidence, and Mr. Metzger told him that he, Mr. Metzger, had destroyed the other six because he was scared of leaving some kind of record.

You heard the man from American Express come and testify. He testified that all twelve of those checks had been purchased by Harry Amanatides; that the six of them, the six that Mr. Shevlin had returned, were among those twelve and he also told you there were another six Travelers Checks outstanding from the same batch.

I suggest to you it is quite clear those are the other six that Mr. Shevlin said were given to Mr. Metzger and Mr. Metzger destroyed.

Mr. Shevlin told you that with the payments he received an envelope containing pictures. You have seen those pictures Mr. Shevlin produced in evidence. You have seen the envelope, you have seen the photographer who took the pictures at the party identify the envelope as an envelope from his photographic studio at the time.

You heard Mr. Shevlin testify that during the course of the payoffs Mr. Metzger installed the safe in his home and that he, Mr. Shevlin, thought it was a good idea and installed a similar kind of safe of his own.

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You have heard Mr. Metzger testify the safe man who installed the safe in concrete in Mr. Metzger's home. As you can see, what Mr. Shevlin told you about that was absolutely true.

Mr. Shevlin told you in great detail how that third payment was made, how Mr. Naslas called him up on the phone and told him that it would be necessary to withdraw cash from an account and that they would have to pretend that a ship was coming in and that Mr. Naslas then sent someone over with a check.

You heard from Mr. Pyrpyris, who identified the $20,000 check and he told you Mr. Naslas gave him that check and he brought the check over to the bank and got the $20,000 in cash and that he brought it back and gave the cash to Mr. Naslas.

I suggest from this that it is pretty clear to see exactly who was telling the truth concerning the payoff.

I would like to draw your attention to one other bit of testimony by the person from American Express, and this goes to Mr. Hanlon's stake in this enterprise, who Mr. Fleming suggested was an honorable man who was duped.

You will recall that the person from American Express also identified another batch of 75 Travelers Checks in $100 denominations, $7,500 in Travelers Checks in all,

all purchased by Harry Amanatides in London and all of these checks indicated that they had been cashed by James Hanlon in an account of Mr. Hanlon's on July 1, 1972.

I think you should ask yourselves what is a lawyer who collects legal fees from his firm doing accepting Travelers Checks from his clients?

I suggest to you from the evidence you can well infer this was in part a reward to Mr. Hanlon for some of his illicit and fraudulent services.

Mr. Fleming also tried to suggest to you that Mr Naslas really didn't have much of a stake in the enterprise, Tidal Marine, because his investment in Tidal Marine stock, Mr. Fleming said, ultimately went down the drain subsequently when he reinvested it in Tidal Marine, loaned the money to Tidal Marine. I think the point is really simple.

P.M.
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Obviously Mr. Naslas didn't expect Tidal Marine to collapse. That isn't why he put the $500,000 into it. He hoped to get two percent interest a month, 24 percent a year, which is a pretty good investment, and that's the only reason he put the money in there. But more importantly, look at exactly what Mr. Naslas' motive was up to the time he received the proceeds of that stock.

That money was his, he got the $500,000. He didn't have to put it in Tidal Marine. He tells you he intended to resign from the company, he could have kept the money himself. The fact is while Mr. Naslas was holding the 35,000 shares of Tidal Marine stock, everytime that stock went up he was making money and you can be sure everytime Tidal Marine obtained a loan and obtained more money, Mr. Naslas had a very good reason to think that that would help push up the price of the stock. And, in fact, you can see that these loans had just that effect in boosting the price from a par value of, I think it was a quarter of one in excess of 20 at the time Mr. Naslas sold the stock.

Ask yourselves also concerning Mr. Naslas' role in Tidal Marine what interest did Mr. Aitcheson have, the person from Asta Marine in saying Mr. Naslas was one of the finders of the Tidal Marine and a ship operator. If Mr. Naslas didn't have a stake in this enterprise, why did he

show up in Mr. Shevlin's office and plead and cry for short-term loans. And while Mr. Fleming tells you this depends on Mr. Shelvin's testimony the fact is, you have seen promisory notes obligating Tidal Marine to repay those loans and pay all bear Mr. Naslas' signature.

Now let's also take a look at the credibility of these defendants, of Mr. Naslas, Mr. Hanlon and Mr. Cotzias who testified before you.

The defense in this case has been basically a dual one. Where any witness has given testimony implicating them, they tell you the witness is not telling the truth. When any document incriminates them, they say, oh, no, we didn't see this document. That is basically the course which these defendants followed from the witness stand.

Where they were confronted by two or more witnesses on something, they tended to admit whatever the witness says were testifying to. Where they were confronted by several documents which left them no way to extricate themselves, if the documents had the handwriting on them, sure they admitted that they saw them. If they didn't have the handwriting on them, if they had only one witness against them, what did they say? That didn't happen, I didn't say that. What was their other answer and you must have heard this a hundred times during the testimony: I have no

recollection.

I suggest to you that these defendants were prepared to say anything which they felt would succeed in gaining acquittal. And, I ask you to consider, to evaluate whether the three defendants looked like they were trying to tell you the truth or whether they were trying carefully to calculate whether every answer would help them or hurt them in their attempt to extricate themselves in this matter.

You heard them telling their stories first of all on direct examination, under questioning by their attorneys. Now, I suggest to you that you heard a great number of leading or suggestive questions asked by their attorneys, by both Mr. Fleming and Mr. Sprizzo. I think you have to consider whether the testimony you heard from those three men was anything more, amounted to anything more than a careful rehearsed script in which their attorneys in fact, if you analyze it, did most of the talking and whether these defendants said anything other than they thought was convenient and which they thought would help get them out of this affair.

All the government really asks in this matter is that you consider their testimony very carefully, and that you do not permit these defendants to pull the wool over your eyes like they did over the victims they defrauded of millions

of dollars.

The defense would have you believe that Mr. Hanlon is charged with forgetting the details and forgetting the terms of transactions entered into by a client of his. What Mr. Fleming is really asking you to believe, however, is that Mr. Hanlon is constantly forgetting the most critical term of loan transactions entered into by his one and only client on whose affairs he spent all his waking time. He is asking you to believe that James Hanlon, a trained and experienced attorney, was unfamiliar with the most critical term of a transaction in which he received a $325,000 rake off, that is, the Trechon. He is asking you to believe that Mr. Hanlon is unfamiliar with the terms of loan for the purchasing and financing of the ship the Aquario, in which he had a 25 percent interest.

I think it is important to consider the documents we are dealing with are really not very complex. In fact, most of their contents is what can very well be referred to as boiler plate, that is, language incorporated in all documents of this kind. The critical part of the documents basically come down to two or three entries or blanks in these forms that are filled in: The terms of the charter, the length of the charter. If it is a purchase agreement, the amount of the sale. It is not much different than a

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lease, a lot of language and a lot of small print, but what it comes down to, what are you really interested in: The length of the lease, length of rent and perhaps if there is a provision in the lease for sub-leasing.

Ask yourselves also whether there is any way Mr. Naslas could have not known exactly what was going on as the operator of Tidal Marine Ships, the man who received Telexes constantly on how the ships were operating, where they were and what they were doing. Is there any way that he wouldn't be fully aware whether a ship was tendered under a charter as tothe terms of the charter, how long it was, and when he was constantly dealing with the charterers.

Mr. Fleming has also told you that during the course of this trial you have heard quite a bit about Harry Amanatides and A. Ion Livas, defendants not presently on file.

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Well, you have heard quite a bit about them, but most of what you have heard has been from these three defendants and from their testimony on the witness stand.

Now, I suggest that what happened is when the going got tough on the witness stand, when the questions became difficult to answer, what they did say was, either I do not recall or Harry or Ion told me. Testimony of course, which they do not have to risk seeing contradicted. The fact

is, however, that the evidence shows that these defendants and how Amanatides and A. Ion Livas had plenty to do with each other and plenty to say with each other and the fact is, the three defendants presently on trial were right in the middle of this fraud and stood to profit handsomely by its success, and carefully analyzed and when the evidence is analyzed what Mr. Fleming's argument comes down to, that if some of the guilty are not on trial before you, none of the guilty should be punished.

I suggest to you this is not an argument worthy of consideration of serious people.

The fact is that although Mr. Fleming concentrate on things which he claims these three defendants were not aware of, the fact is that you have seen from the evidence virtually uncontradicted evidence and documents that these defendants were aware of much more than enough to make them fully knowledgable and fully knowledgable participants in the fraud which is alleged.

I just want to very briefly clear up a few matters referred to by Mr. Fleming on the specific transactions. On the Trechon, Mr. Fleming suggested to you that the bank here did not rely on any misrepresentation because the loan was not based on the purchase price of the ship. Mr. Bustard testified to you that the loan was made pursuant

to a line of credit agreement and they would not loan more than 75 percent of the purchase price of the ship. He also testified there was no document which indicated that the purchase price of the ship as represented by the bank and treated by the bank was five and one half million dollars. That is simply false. There is such a document in evidence and if you want to see it, you can ask for it.

Mr. Fleming also told you that Mr. Hanlon can't be regarded as guilty in this transaction because Mr. Sheneman and Captain Huerta also got money and they are not charged as defendants. The answer is very simple: They got money all right and they got money for finding the ship, something Mr. Hanlon had nothing to do with but Mr. Sheneman and Captain Huerta had absolutely nothing to do with the financing of the ship. Even Mr. Hanlon does not say anything to the contrary. All that Mr. Hanlon was involved in raising this money, in closing and getting together the documentation and so forth of closing this fraudulent loan in connection with which he charged $2,170. Mr. Fleming also suggest that since Mr. Hanlon only received an actual copy of the line of credit agreement on January 4, 1971, he did not know about its existence in December of 1970.

The fact is, the line of credit agreement is dated, as you have heard, as of December 9, 1970, and it was

only formalized reduced to writing thereafter, some period after that.

The question you have to ask yourselves is whether this letter told Mr. Hanlon, Tidal Marine's attorney, came just out of the blue, that Mr. Hanlon representing Tidal Marine in connection with the loan made pursuant to a contract to a line of credit agreement didn't know exactly what that line of credit agreement provided.

A line of credit agreement, by the way, under which not one but three other Tidal Marine ships were financed and also whether Mr. Hanlon did not know that it was absolutely impossible that that bank would loan $4 million, would loan $4 million on a ship which they thought was purchased for $3,385,000, the true purchase price.

Consider one other thing. Mr. Fleming says the bank didn't rely upon any misrepresentations. Mr. Bustard, the very first witness, told you that he would not have made this loan if he knew that $325,000, the proceeds of the loan, were going to a bank account of James Hanlon, that is Kowloon Tank Ship.

The reason for this is obvious. Mr. Bustard thought the money was going for the purchase of the ship. That's what the bank thought it was going for, not as a payment to Mr. Hanlon for his participation in this loan.

There's one other thing. You recall Mr. Hanlon, and he admitted on the witness stand giving instructions to the Irving Trust Company, the place where he kept the $325,000, not to communicate, not to send any correspondence concerning this money to his office, but only to his home address.

I suggest to you that Mr. Hanlon was desperately trying to conceal this money because of the means of which he

had acquired it were fraudulent.

Just one point on the ION, the four ION ships, Marilion, Kyrilion, Ilion and Harilion. Again Mr. Fleming says the bank did not rely upon the purchase price in making that loan. You heard Mr. Bachman who testified that the bank did rely upon the purchase price, they thought the purchase price was $2,700,000 and that the bank would not have made the loan if they knew that the purchase price, in fact, was $2,100,000. Of course, I think you can see the reason for that is obvious. The loan was for $2,200,000, which was more than the purchase price of the ship.

Let me turn briefly to the six dry cargo transaction, that is the first of the loans in which Mr. Hanlon is charged with helping Tidal Marine -- helping Mark Scufalos front for Tidal Marine.

Mr. Fleming says in connection with that loan two things.

First of all, he says Scufalos and Tidal Marine, somehow they are all the same and it makes no difference.

Well, I think one thing is clear. The bank thought it made a difference. They would not loan any more money to Tidal Marine. They would loan money to Mark Scufalos. The banks lawyers thought it made a difference. Harry Amanatides thought it made a difference. He thought

it was necessary to try to deceive the bank. Mark Scufalos thought it made a difference, too, that he had to front for Tidal Marine.

The only people who apparently think it made no difference is Mr. Hanlon who is on trial.

Mr. Fleming also suggests to you that Mr. Hanlon didn't do anything wrong in this, that he thought this was a Tidal Marine loan, Tidal Marine re-financing just like the others.

I suggest to you there's one thing that really gives everything away. You recall that 12 or 13 ships had been purchased by Tidal Marine for Mark Scufalos. Mr. Hanlon played an active role in the financing of all these ships. Two others of the ships were financed with the General Electric Pension Fund, two with Farber Commercial.

In connection with all these loans including the six dry cargo loan, Mr. Hanlon wrote what is called an opinion letter, which is in evidence. These opinion letters set forth basically certain representations made not so much as to the ownership of the ship but as to the fact that the books and records and so forth of the owning corporations are in order.

Now, there's one very interesting but very important thing which I think you should remember about these

opinion letters. Mr. Hanlon's opinion letter in reference to the General Electric financings of two of these ships and the Farber Commercial financing refer to Tidal Marine in making the representations. This is perfectly proper because Tidal Marine was the borrower of real interest, the loan was being made to Tidal Marine subsidiaries which owned the ships.

In connection with the six dry cargo ships, though, something very different and very important happens. You look at that opinion letter. There is not one single reference to Tidal Marine in the opinion letter on that loan, not one reference. I suggest it is for very good reason, because Mr. Hanlon was representing it as a Scufalos loan. If Tidal Marine was mentioned, the whole thing would have been given away.

Ask yourselves why Mr. Hanlon's own opinion letters treats all the other financings of the ships sold by Scufalos to Tidal Marine, why in all the other letters he mentions Tidal Marine but not in the six dry cargo vessel, six dry cargo loan, the one passed off as a Scufalos loan.

Again ask yourselves if Mr. Hanlon did not know of this fraud, how could Mr. Amanatides allow, allow him, Mr. Hanlon, to go into that bank thinking he was Tidal Marine's attorney when the bank thought he was representing

Scufalos without risking the whole fraud being uncovered?

One thing about the May and June. Mr. Fleming told you that there was no fraud here because Mr. Hanlon did not try to pass this loan off as a Scufalos loan and, in fact, he says it was -- excuse me -- he says that Mr. Hanlon acted perfectly correctly in connection with this loan because, in fact, Tidal Marine did not own the ships, although they had originally purchased them, and somehow the purchase had been cancelled and the ships had gone back to Scufalos.

I think the question to ask yourself on that in reference to Mr. Hanlon's intent is why in the world did Mr. Hanlon bill Tidal Marine some $2,500 for the financings on the May and June.

Just briefly on the Tropis and the Tekton. It seems that Mr. Fleming's main argument, and perhaps the only argument here, is that somehow Mr. Hanlon thought that in some instances Tidal Marine ships had been extended from three years to five year charters, mentioning the Ionic King and the Ionic Queen.

I suggest to you that the only evidence of that was Mr. Hanlon's rather vague testimony and that the -- when the witness, MacKenzie, the employee, the guy in charge of chartering DP tankers was called as a witness and testified

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from the witness stand, Mr. Fleming never asked him whether the Ionic King and Ionic Queen were ever extended from three to five year charters. He didn't want to put that question to him.

Mr. MacKenzie testified at the time in question, at the time the Tropis and Tekton, Tachys charters were entered into, BP would not enter into any five year charters, that they are not willing to do it.

I suggest in addition Mr. Hanlon was well aware at the time of the Tropis and Tekton re-financings of the absolute impossibility of obtaining five year loans -- obtaining a five year charter in a declining shipping market when ships were unemployed, without charters, and charterers were very reluctant to enter into long term charter agreements.

In reference to the Tachys, Mr. Fleming suggests that somehow Mr. Naslas was not aware thbt the Tachys charter was non existent, that he thought at the time of the loan closing there was a five year charter on the ship.

Well, I think the truth here is quite clear. First of all, how could Mr. Naslas, the guy who was operating the ship from day to day, not know that the ship is not on charter? But the best thing, the real answer is, if you recall, when Mr. Martin learned that there's no charter on

the ship and made the inquiry of Mr. Naslas, what did Mr. Naslas say?

2A-2 He said it had been tendered. He said that the ship was on charter and charter hire [illegible] come in.

What was Mr. Naslas' answer? Someone in London told me.

The fact is, and the answer is clear, that you have Telexes, in Mr. Naslas' handwriting on him, I think perhaps addressed to him or from him in Tidal Marine's records which say that the Tachys was not tendered under the charter.

You heard from Mr. MacKenzie, in fact, that the charter had been cancelled. It's a good question how Mr. Naslas could have been head of operations in New York and operating the ships and not have known it was without a charter.

Turning to the Tagma. Again Mr. Fleming says that this was presented to the bank as a Scufalos transaction and that's what Mr. Naslas and Mr. Hanlon thought it was.

Well, first of all, as a matter of interest certainly, the signature cards for the account of the borrowing company, Epidavros, those signature cards are made out and show that Mr. Amanatides and Mr. Naslas are the signatories of the account which has an address of CO, Tidal

Marine. That is certainly of interest. It's also of interest that Mr. Naslas previously apparently made attempts to obtain financings for the Tagma with Frank Marone of the Bank of America. Again why was he doing this if it was, in fact, a Tidal Marine venture?

It's also interesting that you have seen Mr. Hanlon's bills and there are absolutely no bills for legal services to Mark Scufalos in connection with the Tagma, the person who he claims he was representing.

Finally, as far as the transactions are concerned let me turn to the Aquario. Basically Mr. Flemings point on this is that Mr. Hanlon somehow did not know, was unaware of the nature of the charter party which he was submitting to the bank. He conveniently overlooks, though, two things.

First of all, Mr. Hanlon didn't only present the charter party at the closing. Joseph Peter Flemming testified that prior to the closing he asked Mr. Hanlon for the terms of that charter. That testimony is absolutely corroborated by a letter in evidence that Mr. Flemming sent to Mr. Hanlon asking for that specific information.

Mr. Hanlon admits that he supplied that information. In other words, Mr. Hanlon got two cracks, one in submitting that charter party, a second time it was called to his attention explicitly when that letter came in, and he

had to respond to it.

You can see that that response was made prior to the closing because of the length of the charter, three and a half years, is typed in on the loan agreement executed at the closing.

In fact, Mr. Hanlon got a third crack at the thing because he actually signed the loan agreement at the closing making the false representation.

I suggest to you on the basis of that evidence, plus what I noted before concerning this transaction, that there's no way Mr. Hanlon didn't know exactly what he was doing and suddenly obtaining a loan for a million and a half dollars, which was almost double the amount of the loan obtained a few months earlier from the First National Bank of Boston.

Finally, and in conclusion, just let me turn to Paul Katritsis on whose behalf Mr. Fleming has expended a considerable amount of eloquence.

First of all, Mr. Fleming suggests to you that Joyce Walker's testimony concerning the typing of the fraudulent financial statements by Mr. Katritsis is somehow a fabrication. I think you must keep in mind that two days after her original interview with the FBI Joyce Walker voluntarily corrected her testimony under oath in the grand

jury. She said at that time it was not she who typed them but she remembered now it was Paul Katritsis.

MR. FLEMING: I object to that. That was not her testimony in the grand jury.

THE COURT: I didn't hear you, Mr. Fleming.

MR. FLEMING: I said I object to that. That was not her testimony in the grand jury.

THE COURT: The jury will be guided by its recollection of what the testimony was.

The objection is overruled.

MR. GLEKEL: I'm arguing, of course, from the portions of the grand jury testimony that were read during the course of the trial and are part of the trial record.

I think it's pretty easy to figure out where the truth lies here. Sometimes when someone is questioned about what happened sometime ago in a general way, the first time they tell you what happens, it's quite natural they leave out details. There's no reason why she thought it was particularl important why she typed it or Paul Katritsis typed it or someone else typed it. It's perfectly normal. I'm sure it's happened to you every day.

When she came into the grand jury, was under oath had more time to thing about it and was questioned specificall about the matter in question, sure, then she remembered and

told you exactly what happened.

I think, too, you must consider what interest, what interest in the world does Joyce Walker have to incriminate Paul Katritsis?

She worked as a secretary at Tidal Marine, she testified, for a considerable period of time. Did she indicate any bias, any hostility whatsoever toward Mr. Katritsis?

Actually it's easy to see where the truth lies here for an additional reason.

Paul Katritsis testified to you, told you from the witness stand that he frequently typed or at least on occasion had typed documents for Tidal Marine, for Harry Amanatides. He also told you that he was a bad typist, that all he could do was peck away with two fingers.

Ask yourself: Why did Harry Amanatides have his nephew pecking away at a typewriter? Do you think it was because he was too cheap to pay a secretary?

I suggest to you the reason was one and only one reason, and that is because Mr. Katritsis unlike a secretary could be trusted to keep his mouth shut about the fraud that was being perpetrated. I suggest to you that that shows just where the truth lies concerning who typed those financial statements.

Now, one of the transactions with which Mr. Katritsis is charged in connection with is the Tachys. The charge here or the evidence here concerns not only the false charter party he signed but the certificate as to its authenticity which you recall he asked Mr. Axiotakis to execute on behalf of the owning company.

Mr. Katritsis said something very interesting during his testimony. He told you that he thought he was an officer of that company as well.

The question to ask yourself is: If Mr. Katritsis was an officer of that company and, as you have seen from other certificates certifying to the authenticity of a charter, any officer of a corporation can certify to its authenticity, why in the world did Paul Katritsis ask George Axiotakis to certify to that charter when he, Paul Katritsis, could have sat right down and done it himself? I think the question carries its own answer. Because Paul Katritsis knew that this charter party was fraudulent and did not want to be responsible for it, and thought in this way he could escape responsibility.

Now, finally let me direct your attention to Paul Katritsis' testimony concerning a series of loans which he admitted obtaining in December of 1971 and thereafter, personal loans he said which he obtained on behalf of Harry

Amanatides.

MR. FLEMING: Objection, improper rebuttal, your Honor.

THE COURT: I thought I heard Mr. Sprizzo say something after you said something. If there is anything that has to be said here, I want it said aloud and taken down.

What did you say, Mr. Fleming?

MR. FLEMING: I said objection, improper rebuttal.

THE COURT: Overruled. Anything you wish to add, Mr. Sprizzo?

MR. SPRIZZO: There was no mention of this --

THE COURT: I don't think you should make any comments, and the jury will ignore any comments that you may make in that connection. It's not a proper thing to do.

You may proceed.

MR. GLEKEL: Thank you.

You recall Mr. Katritsis' testimony in which he said that he obtained a series of loans, of loans taken in his own name from a bank -- I forget the name of the bank -- beginning in December of 1971 and continuing into 1972.

He also told you the reason for these loans. He told you the bank would not loan any more money to his uncle, to Harry Amanatides, and that Harry Amanatides, therefore, sent him down there to request the loans, to ask for th loans.

He said he signed the papers, but Harry Amanatid got the money and handled everything in connection with these loans. In other words, Paul Katritsis was doing one an only one thing when he obtained those loans, he was fronting for Harry Amanatides because the bank would not loan any mor money to Amanatides.

I think this throws a lot of light on just exactl what was happening in connection with the Tropis and Tekton loan, the National Bank of North America loan, which is clos in late December.

As you recall, this is the second loan in which o of the charges here that Mr. Katritsis as well as others misrepresented to the bank that Scufalos was the borrower when, in fact, Tidal Marine was the borrower. In other words,

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a loan in which Scufalos was fronting for Tidal Marine because the bank would not loan any more money to Tidal Marine.

One of the charges against Mr. Katritsis in connection with these loans is that he made false representations concerning the ownership of the borrowing corporations, that is, that he represented, in effect, that the ownership of the corporation, the stock was owned not by Tidal Marine subsidiary, but by a company by the name of Union Commercial Shipping, which the bank took to be a Scufalos company.

Obviously this had the effect of concealing from the bank the fact that the money was really going to Tidal Marine and not to Mark Scufalos.

I think, as you can see from Mr. Katritsis' experience in fronting for Harry Amanatides in obtaining those bank loans, that he was quite familiar at this time with exactly what was going on here and I submit to you that Paul Katritsis knew precisely what he was doing when he made the statements passing off the Tropis and Tekton loans as a Scufalos loan.

I submit to you that he was a knowing participant in this fraud and this is exactly identical to what he was doing when he went down to that bank to make personal loans to himself because the bank wouldn't loan any more money to

his uncle.

I have no doubts when you evaluate all the evidence against these defendants and consider it and keep in mind that if you forget the testimony of any witness, it can be read back to you -- I have absolutely no doubts that you will not have very much difficulty in determining exactly where the truth lies here and exactly who knew what, where and when.

Thank you.

THE COURT: Ladies and gentlemen --

MR. FLEMING: Your Honor, may I pass this to the Court?

THE COURT: What I will have you do, instead of passing me a bunch of notes, is come to the side bar and hear what you have to say and place it on the record.

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(At the side bar.)

THE COURT: Yes, Mr. Fleming.

MR. FLEMING: First, we object to Mr. Glekel's statement that Shevlin had no interest in testifying other than truthfully. We believe that is an improper statement for a prosecutor to make.

Moreover, Mr. Glekel said that Mr. Naslas never gave his version of the photograph incident until after Mr. Shevlin had testified.

In fact, your Honor, as Mr. Glekel knows, on October 3, 1975, Mr. Naslas said exactly the same thing to Mr. Gordan. Mr. Gordan prepared notes of that interview, dated October 5, 1975, and this was before Shevlin testified in this case and, indeed, based upon the Jencks material that is before your Honor, Shevlin agreed to cooperate and never said anything about Naslas.

It is improper and it rquires a mistrial when a prosecutor argues as a fact what the prosecutor knows in fact is untrue.

Mr. Glekel knows that Mr. Naslas gave a statement to Mr. Gordan on October 3, 1975 and he gave exactly the same statement that he gave at the trial here with regard to the photographs, and this was given to Mr. Gordan before Shevlin agreed to cooperate and ever incriminated Naslas.

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We cite United States v. Della Universitas, in which the Court of Appeals reversed a conviction because the Assistant argued on summation a fact the Assistant knew to be untrue.

In the alternative, we think we should be given the opportunity to state or Mr. Glekel should state what is the truth, which is that Mr. Naslas told his version of the photograph testimony to Mr. Gordan on October 3, 1975 before Shevlin agreed to cooperate, much less incriminate Naslas.

Your Honor, evidence to that effect, which is supported by Gordan's own typewritten report of the October 3, 1975 interview and which was turned over to us under Rule 16, was offered by us during Mr. Naslas' direct examination and was excluded upon the prosecutor's objection, and now Mr. Glekel is taking improper advantage of what he knows is not the truth. That offer of evidence was at transcript 1088 to 1089.

Your Honor, we believe also that Mr. Glekel has misstated the evidence in saying Mr. Hanlon billed Tidal Marine on the May, June transaction. We believe that Mr. Hanlon billed Livas or a Livas company.

MR. MARMARO: We have the bill.

MR. FLEMING: Also, Mr. Glekel's statement there is no evidence that the Ionic King and Ionic Queen had their

charters extended to five years is something we object to.

So the Court knows this, I spoke to Mr. McKenzie on the telephone who confirmed this information to me. This morning, I spoke to Mr. McCormack of BP Tankers, who also confirmed this information to me.

I informed Mr. Glekel of this information this morning. Mr. Glekel refused to stipulate to this.

I know of no evidence to contradict Mr. McKenzie and Mr. McCormack as to the extension of those two ships. In the absence of the evidence to the contrary, Mr. Glekel was improper in the face of this information to argue affirmative that there was nothing to support Mr. Hanlon's testimony about the extension of the Ionic King and Ionic Queen charters.

We also, as we have, object to the argument of Katritsis loans on rebuttal. If they wished to argue it, it was proper on their direct case. They did not argue on their direct case. We believe it was improper in rebuttal. We also object to a 40-minute rebuttal summation.

For each and every one of these reasons, your Honor, we move for a mistrial.

THE COURT: With reference to the length of the rebuttal, I find that it was well within the bounds of strict rebuttal and followed a two-hour summation on the part of the defendants who exceeded their indicated time by at least a

half-hour.

As a second matter, your references to what you learned outside the courtroom and beyond the evidence by your hearsay discussions with people who did not appear as witnesses and from whom there was no basis in the evidence prior to the time that the case was closed of any matter such as you suggested at about one minute before Mr. Glekel got up to make his summation, that seems to me so self-evidently an improper suggestion on your part, that it needs no further statement.

The arguments made on the rebuttal, which I followed very closely, were well within the reasonable intendments and inferences ofthe evidence. The only matter to which I will advert more particularly, will be the reference to your renewed attempt to infiltrate into this record, a statement that you say Mr. Gordan made in some record that represented an interview that he had at the time that you were offering that proof. You were given the opportunity to authenticate that statement and lay a proper foundation, and even went so far as to say, if my recollection is correct, that you realized that you had not properly laid a foundation for it and might have to call Mr. Gordan as a witness.

You failed to do any such thing.

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Now through this device of this argument that you make, you again seek to place on the record something that was not admitted in evidence.

I am concerned with only one phase of it, and that is -- and I should like to choose my words carefully here -- the insinuation that Mr. Glekel has violated his oath of office in an unprofessional manner by making an argument which he knows to be false.

Since the evidence that you refer to was not made a matter of record, and I have only your version of what is involved, since I have never seen the Gordan statement, nor do I know what the factual sequence was other than as indicated by you or hinted at subject to the issues of credibility by the witness, I am somewhat at a loss to deal with that.

Your accusation is a very serious one and I trust that you thought about it and are not making it lightly because I would not countenance a reckless statement under any circumstances from anybody on any side of the trial.

Now, before I determine whether you should be given the opportunity which you claim to tell the jury your version of a falsehood stated by the prosecutor in this case, and his response thereto to the jury on that one point, I will hear from Mr. Glekel.

MR. GLEKEL: Yes, your Honor.

Mr. Naslas at some point in early October did come into the United States Attorney's office and made a statement to the effect that a time came when he handed envelopes of pictures to Metzger and Shevlin which he later learned contained $10,000.

At that time, as far as to my knowledge, at no time prior to this trial has Mr. Naslas ever been confronted with the evidence of the fact that the money for these payoffs was obtained from a $20,000 check which he signed made out to "Cash to Master." He's never been confronted with the testimony of Mr. Pyrpyris, who stated that Mr. Naslas gave him the check to cash and he cashed it and gave the money back to Mr. Pyrpyris.

As far as I am aware, Mr. Naslas did not give any statement, as to how the money for those payoffs had been obtained, of any kind prior to his testimony here today. He was never confr-onted work to the proof as to the source of the money for the payoffs and could not have been at the time because it was not developed by the government until weeks after Mr. Naslas came into the government's offices, and gave his version as to what occurred.

The government's position here is that much of the evidence against Mr. Naslas as far as payoffs are

concerned, is new and he has first been confronted with it and his response to it made in light of that evidence goes far beyond the response which he previously made when he was interviewed in the United States Attorney's office.

THE COURT: I would like to see the statement that was given to Mr. Gordan that was not admitted in evidenc because there was no foundation.

T3A pm

THE COURT: I would like to mark this statement, that is, the paragraph referred to. Mr. Fleming, can you point to the paragraph that you talk about?

MR. FLEMING: Yes, sir. (Indicating)

THE COURT: I will ask the reporter to take in the entire paragraph.

MR. FLEMING: Yes, sir, it's all that whole paragraph.

("I asked Naslas whether he had ever given any money to any bank officer. He looked sheepish and said, 'I think I did'. He then recounted that in December, 1971, Tidal Marine had given a Christmas party at which the service of a photographer had been obtained. The photographer took a great many pictures, too many, Naslas said, because the flashbulb was always going off. In any event, Naslas shortly after the party received a large quantity of prints from the photographer and set about distributing them to the persons in the pictures. There were photographs of Metzger and Shevlin, who had been at the party with their wife and girlfriend, respectively. Naslas said there were about five pictures each of Metzger and Shevlin. He put the photographs into envelopes marked with the names of the recipients, and Amanatides told him not to send the pictures for Metzger and Shevlin since they would be coming

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to the Tidal offices that day. Metzger and Shevlin did so and met briefly with Amanatides. As they were leaving, Naslas gave them each the envelope with the photographs in it. After they left, Amanatides came to him laughing raucously and saying, 'You won't have any more trouble with John Shevlin. You just gave him $10,000'. Amanatides told him that Metzger's envelope had likewise contained $10,000. Naslas never had any conversation with Shevlin about the money thereafter, and Shevlin was just as obnoxious to him thereafter as he had been before."

THE COURT: Now will you state exactly what your point is?

MR. FLEMING: My point is, your Honor, that these notes are dates October 5, 1975, 9 o'clock P.M., and at the end they are signed by Mr. Gordan and they say: "This memo was typed by me from my recollection of the meeting of which I took no notes." It states: "Costas Naslas appeared in my office from 3:35 to 6 P.M. Friday October 3rd, 1975. Present were Peter J. Flemming, Jr., John A. Sprizzo and A.U.S.A. Jeffrey Glekel and myself." What Naslas said at that time is set forth here, which is what he said at this trial. But, essentially he delivered the photographs to Metzger and Shevlin, and Amanatides came in and, to use Gordan's phrase, "Amanatides

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came to him laughing raucously and saying, 'You won't have any more trouble with John Shevlin. You just gave him $10,000.'" And, Naslas went on to say that he never had any conversation about the money thereafter, and Shevlin was just as obnoxious to him as before.

THE COURT: What is the point that you are making about that?

MR. FLEMING: The point is, your Honor, I understood Mr. --

THE COURT: What is it that you say Mr. Glekel knew he falsified to this jury?

MR. FLEMING: I understood Mr. Glekel to say that Costas Naslas told the story about the photographs and Amanatides coming in and saying he had just given the money to Shevlin; then Naslas told the story for the first time after he heard Shevlin testify at this trial when, in fact, he told the story in 1975.

THE COURT: Let me ask you this question. I think there may be some seriously unwarranted inferences that you have overdone your point. Suppose I were to have that paragraph read to the jury as a statement taken down by the Assistant at the time? Does that cover the entire subject matter? Does that meet your objection?

MR. FLEMING: I think it does.

THE COURT: And satisfies your objection?

MR. FLEMING: Yes, sir.

MR. SPRIZZO: All we like is, the opportunity about pointing out --

THE COURT: I am talking about reading this thing as a stipulated statement of what an Assistant United States Attorney wrote down and that that cures anything that you may have charged or overcharged and anything that you say Mr. Glekel understated.

MR. FLEMING: I can't say that it cures it.

THE COURT: You can't have it both ways, Mr. Fleming.

MR. FLEMING: May I have just a moment?

THE COURT: I am not going to be put in a position here where you play fast and loose with me.

(Pause)

MR. FLEMING: Your Honor, there is one other fact that is material which I don't think Mr. Glekel is aware of. The agreement with Shevlin to cooperate took place on October 7, 1975, four days after that. I think the jury has to be told that the statement Naslas made, that statement was an incorrect statement, that he made it voluntarily on October 3, 1975, before Shevlin ever--

THE COURT: What you are trying to do is to get

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an edge on the basis of assumption and conjectures and I am giving you the opportunity to read into the record or have me read into the record the actual statement that was made, and I have no objection either to adding the date when the other transaction took place, as a subsequent date. But, I am not going to let you stay in the position where you make charges and then fail to have them doctored up in some way.

MR. FLEMING: I would agree with that, your Honor.

THE COURT: You will agree to what?

MR. FLEMING: Just to what your Honor is saying, that if your Honor will inform the jury that on October 3, 1975 --

THE COURT: Such and such a statement was made.

MR. FLEMING: By Naslas, and that was four days before Shevlin agreed to cooperate.

THE COURT: Where is the proof about when the cooperation was to occur in the record?

MR. FLEMING: It's not, your Honor, but--

THE COURT: It is not in the record?

MR. FLEMING: Let me explain, Judge.

THE COURT: Mr. Fleming, this is no time to try to seek an advantage that wasn't procured in the trial.

I am going to give you every opportunity, but I want you to be perfectly clear in your own mind that when you start making charges against people I am trying to correct them on the basis of what the actual facts are, not on what you are saying and what Mr. Glekel is saying.

MR. FLEMING: What I have in my possession, statements of Shevlin, and the first document is in Gordan's handwriting, October 7, 1975, and the statement--

THE COURT: What does it say with respect to his cooperation?

MR. FLEMING: That the only thing I will do is to bring his cooperation to the attention of the court and I make no recommendation as to the sentence and--

THE COURT: You get me the Jencks material that you are talking about.

MR. GLEKEL: Your Honor, assuming this evidence would have been admissible, the perfect opportunity was to present it at a trial through Mr. Gordan which I believe-

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THE COURT: I haven't the slightest doubt that this is a muddying afterthought. I am not trying to cure a dispute between two lawyer s.

MR. FLEMING: May I speak to that, your Honor?

THE COURT: Get me the other statement.

MR. FLEMING: I don't know if I have it here.

Mr. Glekel will have it here.

THE COURT: I am sure there is a copy of the 3500 material in court. All I want is the reference to what appears there, so that we let the documents speak for themselves. I am not going to let anybody at this point infuse their ideas as to what the documents say. I am perfectly --

MR. FLEMING: We agree with that.

MR. GLEKEL: It's back in the U.S. Attorney's office.

THE COURT: What we can do is, before I charge the jury, I can read this paragraph and the statement from the 3500 material that Mr. Fleming refers to, if I deem it to be relevant and material to this issue, and I will decide that on the basis of reading this record tonight, and rereading the summations to see what was what.

Now, in the meantime, I am going to have the reporter take down the portion of the October 5, 1975, memorandum, which is the only matter that Mr. Fleming refers to, and I would like to have submitted to me this afternoon as promptly as possible the 3500 statement Fleming refers to and if you can, please have him block out the words that he says relate to the subject that he is talking about so I can decide that, and my intention

is to read both to the jury before I charge.

(In open court)

THE COURT: Ladies and gentlemen, I am going to give you a short recess now. I will have further instructions for you.

(Jury left)

THE COURT: We stand in recess.

(Recess)

(In the robing room)

THE COURT: Mr. Fleming, is this the 3500 material you referred to?

MR. FLEMING: Yes, your Honor.

THE COURT: Is there anything else beyond that?

MR. FLEMING: Yes, your Honor.

THE COURT: All right. Let me mark that. The first thing you have called to my attention is the statement of Mr. Gordan in his memorandum of October 5, 1975, which I have had extracted and marked as Court's Exhibit 16.

(Court's Exhibit 16 marked)

MR. FLEMING: May I add the statement of October 5th is the recollection of Naslas as of October 3rd?

THE COURT: Yes, I understand that. You also now call attention to at least Court's Exhibit 17 from the 3500 material.

(Court's Exhibit 17 marked)

MR. FLEMING: That is dated October 7, 1975, your Honor. This is the interview by Mr. Gordan and--

THE COURT: I thought you told me the issue was as of October 3rd and 4 days later. Are you expanding that?

MR. FLEMING: What I am saying, your Honor, Naslas made the statement on October 3rd. Shevlin agreed to cooperate on October 7th, based on the second Court's exhibit there, and he did not mention Naslas until an interview of October 14th, which is the second interview at which facts were taken, according to the 3500 material.

THE COURT: That proves exactly nothing. That is a negative implication and you are seeking now advantages that were not established by anything in the trial record. At all events, I will read to the jury Court's Exhibit 16 and Court's Exhibit 17 in relation to the statement of the prosecutor.

Now let me ask you this, Mr. Glekel, and I am not now attempting to reconstruct in detail your entire summation, other than as I recollect it in sum.

Mr. Fleming has charged you with knowing something which you falsified on your summation. Are you aware of what he is saying about that?

MR. GLEKEL: Your Honor, I don't have the transcript in front of me what I intended to state--

THE COURT: Are you aware of what he is saying?

MR. GLEKEL: Yes.

THE COURT: Now, are you aware of any knowledge and purpose on your part to misstate the state of your own knowledge?

MR. GLEKEL: Absolutely not, your Honor.

THE COURT: I will read these two items to the jury.

MR. FLEMING: Your Honor, may I make one more thing a matter of record?

THE COURT: Yes.

MR. FLEMING: The prosecutors gave us reason to believe that they will call John Gordan as a witness.

When they did not call Mr. Gordan as a witness, we attempted to reach Mr. Gordan at his home and could not and were informed he was on vacation.

THE COURT: Mr. Fleming, you got up in court and stated, when you were blocked because you didn't lay a proper foundation, that you thought you might wish to call Mr. Gordan. For whatever reason you failed to do that, you certainly have made no further reference to the subject matter until right now, 25 minutes after 4. You didn't

tell me anything about availability of unavailability or intention to call him or otherwise, and I am not going to take any notice of that subject.

MR. FLEMING: Your Honor, based on the other statements we made with regard to Mr. Glekel's rebuttal summation, we do move for a mistrial.

THE COURT: Motion denied.

Bring in the jury.

(In open court, jury present.)

THE COURT: Ladies and gentlemen of the jury, in connection with the summations that you heard this afternoon, argument was raised on each side with reference to a matter which can be flushed out further by two memoranda which were not offered at the trial, but which both sides now request the court to call to the jury's attention. Accordingly, I will read these memoranda to you for whatever evidentiary value they may have in your consideration of the case in gross, and specifically, and in considering the rival summations.

The first memorandum relates to an interview by Assistant United States Attorney John Gordan who interviewed Costas Naslas in Mr. Gordan's office on Friday, October 3, 1975. Mr. Gordan made a memorandum typed by himself from his recollection of the meeting at which he took no notes, and so stated on the memorandum itself.

The relevant portion reads as follows, and I now quote from Mr. Gordan's memorandum, which by the way has a typewriting date of October 5th, or two days after the meeting:

"I asked Naslas whether he had ever given any money to any bank officer. He looked sheepish and said, 'I think I did.' He then recounted that in December, 1971, Tidal Marine had given a Christmas party at which the service of a photographer had been obtained. The photographer took a great many pictures. Too many, Mr. Naslas said, because the flashbulb was always going off. In any event, Naslas, shortly after the party, received a large quantity of prints from the photographer and set about distributing them to the persons in the pictures. There were photographs of Metzger and Shevlin who had been at the party with their wife and girlfriend, respectively. Naslas said there were about five pictures each of Metzger and Shevlin. He put the photographs into envelopes marked with the names of the recipients and Amanatides told him not to send the pictures for Metzger and Shevlin since they would be coming to the Tidal offices that day.

"Metzger and Shevlin did so and met briefly with Amanatides. As they are leaving, Naslas gave them each the envelope with the photographs in it. After they left,

Amanatides came to him laughing raucously and saying, 'You won't have any more trouble with John Shevlin. You just gave him $10,000.'

"Amanatides told him that Metzger's envelope had likewise contained $10,000. Naslas never had any conversation with Shevlin about the money thereafter and Shevlin was just as obnoxious to him thereafter as he had been before

The second memorandum which is dated four days after the meeting, namely, on October 7, 1975. October 3rd was a Friday, in 1975, October 7th was a Tuesday in 1975.

This memorandum has the date, and on the lefthand side in the handwriting, I take it, of Mr. Gordan, is that right --

MR. GLEKEL: Yes, your Honor.

THE COURT: -- reads:

"John J. Shevlin, re fut

Meaning future, probably -- "sentence recommendation. We only agree to bring matter to sentencing judge. We do not agree to take a position on sentence. If there is a change of policy, he can attempt to secure any change in our refusal to recommend a sentence which will be up to the administratic then in charge."

Then down at the bottom it says:

"No repr. re sentence," and then below that it

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says:

"Gratuitous."

Those are the two memoranda.

Now, it is now 4:35 p.m. And, you have listenend to very lengthy summations during the entire day. Were I present to give you the instructions on the law, we might not get through until an early evening hour, which could be very tiresome.

Consequently, I am going to , in view of the hour, and the length during which you have sat today, defer giving you my instructions on the law until tomorrow morning at which time you can come in fresh to hear what the legal rules and principles are that will guide your deliberation.

In order that you receive the case seasonably, the instructions may run on for a period of time, I am going to ask you to assemble and be prepared to be called in for 9:15 tomorrow morning.

Is there anyone on the panel who lives out of town and cannot make a train so as to get here timely? There is no response, and I take it that means that everybody can attend timely.

I will now recess, and in doing so I will ask you to maintain an open mind on the subject of this trial and the summations that you have heard, until you have heard the

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relevant rules of law, the rules which will guide you in what it is you are to consider and how you are to consider the evidence in the case, and based on those rules, you will be the fact finders of the facts in this case.

Please be careful going home tonight, and please arrive seasonably in the morning. You are all excused.

(Jury left the courtroom.)

(Adjourned to Tuesday, June 15, 1976 at 9:15 a.m.)

- - -

UNITED STATES OF AMERICA 1739a

vs. 75 CRIM. 515

JAMES D. HANLON, COSTAS NASLAS
and PAUL KATRITSIS,

Defendants.

Before:

HON. MILTON POLLACK,
District Judge,
and a Jury

New York, June 15,16, 1976

CHARGE OF THE COURT
and
BALANCE OF TRANSCRIPT

UNITED STATES OF AMERICA

v. 75 Cr. 515

JAMES D. HANLON, COSTAS NASLAS
and PAUL KATRITSIS

New York, New York
June 15, 1976 - 9:15 a.m.

- - -

(In open court - jury present.)

THE COURT: I have received at 9:23 a request from the defendants, which is marked Court's Exhibit 18.

(Court's Exhibit 18 marked.)

THE COURT: I think it is entirely improper to furnish this to me at this time. Undoubtedly it was prepared last night and should have been delivered last night.

Show it to counsel for the government.

MR. GLEKEL: Your Honor, Mr. Fleming showed us a copy of it.

MR. FLEMING: It was prepared this morning, your Honor.

THE COURT: It should have been delivered to my chambers at 9 o'clock and not 9:23, when we started the session at 9:15.

MR. GLEKEL. Your Honor, may I write a note in response to that request?

THE COURT: Yes.

(Handed to the Court.)

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THE COURT: Do you have another copy of this memorandum?

MR. GLEKEL: Mr. Fleming gave me a copy, your Honor.

THE COURT: Put the Court's exhibit mark on that copy, because I have made my notes on it.

THE CLERK: The Court is about to charge the jury. Any spectators wishing to leave the courtroom will do so now or remain seated until the completion of the Court's charge.

Mr. Marshal, lock the door.

CHARGE OF THE COURT

THE COURT: Ladies and gentlemen of the jury:

I have observed the close and diligent attention which you have given to this case and your faithful attendance. I want to thank you very much on behalf of the Court and on behalf of counsel and the parties.

You undoubtedly realize that this is very interesting legal matter. We have reached the concluding phase of the trial and the case will shortly be placed in your hands for a verdict.

I shall now give you your final instructions which will guide your deliberations.

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Briefly, as you have been told, the defendants on trial have been charged by the government with criminal offenses. They are set out for your consideration in two legal papers. One is called an indictment and the other is called an information. Each has the same effect as a charge, that is, it brings the defendant to trial on the offenses of which he is accused therein.

The indictment and the information in this case contain a number of different counts which you must consider. Each count charges a separate crime. Each must be considered separately as to the defendant on trial charged therein.

The indictment names ten defendants and the information names five defendants.

Only James D. Hanlon, Costas Naslas and Paul Katritsis are presently on trial before you. They are the only persons whose guilt or innocence you must announce in your verdict.

Although as I will explain to you shortly, in considering their guilt or innocence, you may have to determine the nature of the participation, if any, of others.

In the determination of innocence or guilt you must bear in mind that guilt is personal. The guilt or innocence of the defendant on trial before you must be determined separately with respect to him, solely on the

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evidence presented against him or the lack of evidence.

It is your recollection of the facts that counts here and not the recollection of counsel and not my recollection. You must distinguish clearly what the evidence is which came from the witness chair or in the exhibits not from what counsel may have suggested by form of questions or argument.

The evidence and the evidence alone is to be your guide. It is for you to determine the weight that will be given to the evidence, the credibility that you will extend to the witnesses who testified, and the reasonable inferences that are to be drawn from the evidence that has been received.

From time to time in these instructions, I will refer to the government's contentions under a particular count of the information or indictment. However, I caution you that in doing so, it is nonetheless your recollection of all the evidence that controls, and not my statement or the way I marshal references.

You may and you must consider all the evidence presented before you, and even if I fail to mention a particular contention or a particular fact to which a witness testified or involved in an exhibit, that fact or contention must still be reviewed by you, and you must not infer from the summary in these instructions that the Court accepts or

rejects certain parts of the record.

The function of believing or disbelieving testimony or exhibits and of accepting or rejecting inferences to be drawn from evidence lies squarely within your province. The Court holds no opinion as to the validity of any contention made by the defendants or by the government.

Although this trial has lasted for a number of days, and you have heard a great deal of oral testimony as well as a considerable amount of documentary evidence which has been received, yet the basic matters and the issues submitted for your resolution are not complex or difficult to grasp.

The defendants James D. Hanlon, Costas Naslas and Paul Katritsis, have been charged in the indictment with violating different federal statutes. These statutes deal with false statements and over valuations, allegedly made in connection with obtaining loans and alleged conspiracies to violate federal laws pertaining thereto.

And as to James D. Hanlon, in addition, with violating the federal statute which prohibits what is commonly referred to as wire fraud.

The information charges Costas Naslas with paying and aiding and abetting others in payment of fees and gifts to bank officers in connection with the procuring of loans as

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well as membership in a conspiracy for the receipt by the bank officers of fees, commissions, gifts and things of value.

The government charges the defendants on trial with aiding and abetting others in committing the actual substantive violations of the federal laws which are charged.

I shall now take up the several counts set forth in the information and in the indictment, and I am going to distribute to you a copy of the form of a verdict for your use because the balance of my charge will follow the sequence of this form, and the form thus will be a means by which you can identify the subject matter of legal instructions that I am giving you in the course of giving those instructions.

Just take a moment to glance over this so that you get the format in your mind and you will not be distracted by it thereafter as I give you my instructions.

The first category, alleged false statements to influence actions on loans is covered by what is known as Title 18 of the United States Code, Section 1014. These counts are brought under the law which provides as follows:

"Whoever knowingly makes any false statement or report or willfully overvalues any security for the purpose of influencing in any way the action of any bank, the deposits of which are insured by the Federal Deposit Insurance Corporation, upon any loan, shall be guilty of a crime."

This law is directed at loans and makes it a criminal offense to make a false statement or report or to overvalue any security in connection with a laon from such a bank.

The essence of the crime is knowingly and willfully making a false statement or report or overvaluation for the purpose of influencing in any way the action of the bank from which a loan is sought, or knowingly and willfully aiding and abetting others to do so.

In order for you to convict any defendant of making false statements or reports or overvaluing any security as charged under Section 1014 in the indictment, the

government must prove beyond a reasonable doubt the following essential elements:

First, that the defendant charged in such count either knowingly and willfully made or caused to be made a false statement or report in connection with a loan or overvalued any security in connection with a loan.

Second, that such defendant knew the statement or report to be false or the worth of the security to be overvalued.

Third, that the statement or report or valuation of security for the loan was made to a bank whose deposits were then insured by the Federal Deposit Insurance Corporation.

And, four, that the false statement or report or valuation of security was material and made for the purpose of influencing the bank's action upon the loan.

The statute does not require proof from the government that the bank officials who ultimately approve the loan relied upon the alleged false statements or reports or valuations of security in actually approving the loans.

So, too, it is of no consequence whether any part or all of the loan which might have been made has subsequently been paid back. In other words, whether the false statements or overvaluation accomplished the purpose intended is irrelevant. The fact that no pecuniary losses

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may have been suffered is not relevant under the law.

The provisions of Section 1014 cover all false statements, the purpose of which is to influence in any way the action of a federally insured bank on a loan or a commitment to make a loan. By its terms, the statute would even cover false statements made after the bank had made a loan.

In this case the false statements were made after the Loan Committee at the National Bank of North America had approved the loan, but prior to the times such loans were actually made or closed.

Consequently, the statements charged in the indictment are within the scope of the statute.

Moreover, I charge you that false statements made to a lawyer representing the bank in connection with a given loan are offenses covered by the statutory language so long as the false statement was intended to influence in any way the bank's action in closing the loan.

In addition, since actual reliance on the false statement by the bank is not an element of this offense, the fact that one or more of the bank officers may have known that a statement made in connection with a loan was false may not influence your decision on any count charging a false statement.

In order to establish the first element as to any

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count involving the charge of false statement or overvaluation, the government must prove beyond a reasonable doubt either that a defendant being considered made a false statement or report in connection with a loan or that such defendant intentionally overvalued security in connection with a loan or knowingly and intentionally aided and abetted another or others to do so in one or another manner.

The government need not prove both a false statement or report and an overvaluation of security. It is sufficient if you find that the government has established either one of these elements beyond a reasonable doubt.

In any event, as a matter of definition, an intentional overvaluation of security for a loan would, of course, be a false statement as well.

Both James D. Hanlon and Paul Katritsis are charged in Count 56.

Turn to your verdict form and you will notice that each is charged in Count 56 under Section 1014, charged with such a violation which allegedly occurred on or about December 24, 1971.

With respect to Count 56, you must be convinced beyond a reasonable doubt, that the statement or report contained in Government's Exhibit 40, that 100 percent of the shares of Pisces Navigation Corporation had been owned by

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Union Commercial Shipping Company for one year, was false and was made or caused to be made by the defendant whom you are considering or that he knowingly and willfully aided and abetted another or others in a material way in connection therewith.

The charge is that this statement about the ownership of the shares for more than a year by Union Commercial Shipping Company was made in connection with a loan by National Bank of North America on the vessel Tekton.

The government further contends that the alleged false statement is a certificate of a less developed country corporation signed by the defendant Paul Katritsis who was President of Pisces Navigation Corporation.

The government contends that this certificate, Government's Exhibit 40, was delivered in connection with the closing on this loan and that the defendant James Hanlon represented Pisces Navigation Corporation at the closing of the loan.

James D. Hanlon and Paul Katritsis are also charged in Count 57 with making false statements and reports in connection with the same loan that was discussed in respect to Count 56.

As to Count 57, you must be convinced beyond a reasonable doubt that the statement or report contained in

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Government's Exhibit 40, that 100 percent of the shares of Aries Navigation Corporation had been owned by Union Commercial Shipping Company for a period of one year, was false and was made or caused to be made by the defendant whom you are considering.

The government contends that the same facts tending to show that the statement or report charged in Count 56 is false, also demonstrates the false nature of the statement or report referred to in this Count 57.

You must, of course, consider each count individually.

With respect to Count 58, in which Paul Katritsis is charged, you must be convinced beyond a reasonable doubt that the following statement and report which I will read to you was false and made or caused to be made by Paul Katritsis, namely, "That certain time charter party dated November 24, 1970, between Antares Navigation Corporation and BP Tankers Company, Ltd., providing for the time chartering of the Tekton and which has been assigned through an addendum number 1, dated December 1971 to the assignor, (said time charter, as the same may hereafter be further amended or supplemented, being herein called 'time charter'), is in full force and effect and enforceable in accordance with its terms."

Was that statement false and was it made or

caused to be made by Paul Katritsis?

The statement appears in a document entitled "Assignment of Monies Due and To Become Due Under Time Charter Party on Tekton" dated December 24, 1971 and is part of Government's Exhibit 40.

It is charged that this document was signed by Paul Katritsis as President of Pisces Navigation Corporation and was delivered in connection with the loan made by the National Bank of North America on the vessel Tekton.

The government has introduced evidence that the charter party referred to in Government's Exhibit 40 is a forgery and it is contended that the statement contained in the assignment, which I read to you a few moments ago, thus was false.

In the case of Count 59 in which Paul Katritsis is charged, you must find beyond a reasonable doubt whether the following statement or report was false and was made or caused to be made by the defendant Paul Katritsis.

The statement reads:

"That certain time charter party dated December 7, 1970 between Alkaid Navigation Corporation and BP Tankers Company, Ltd., providing for the time chartering of the Tropis and which has been asigned through an addendum number 1, dated December blank 1971 to the assignor (said time charter,

as the same may hereafter be amended or supplemented, being herein called 'time charter') is in full force and effect and enforceable in accordance with its terms."

This statement was contained in a document entitled "Assignment of Monies Due and to Become Due Under Time Charter on Tropis," which is dated December 24, 1971 and is part of Government's Exhibit 40.

The government contends that this document was signed by the defendant Paul Katritsis as President of Aries Navigation Corporation, the borrowing corporation, and was delivered in connection with the loan made by the National Bank of North America on the vessel Tropis.

The government contends that since the charter party referred to in the statement was a forgery, the statement was false.

With respect to Count 63 in which Costas Naslas is charged, you must find beyond a reasonable doubt either that the following statement or report about the vessel Aris was false and was made or caused to be made by the defendant Costas Naslas or that Costas Naslas overvalued the worth of security, namely, the vessel Aris.

The statement reads:

"Has been time chartered to Wintershall A.G. of Kassel, Germany, under contract of charter party dated

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November 16, 1971, (hereinafter called the 'Wintershall charter') the term of which Wintershall charter will be 60 months more or less" -- that was misspelled at least in the papers and there is a "(sic)" in brackets, following that word -- "will be 60 months or less at charterer's option."

This statement is contained in an agreement of sale dated December 29, 1971 between Leo Navigation Corporation, a Tidal Marine subsidiary, which was the seller of the Aris, and Spartan Pride Shipping Company, Ltd., the purchaser of that vessel.

This agreement is contained in Government's Exhibit 5 and was delivered to the National Bank of North America in connection with a loan on the Aris.

This document was signed by the defendant Costas Naslas on behalf of both Leo Navigation and Tidal Marine.

The government contends that the charter party delivered to the bank in connection with this closing, which was referred to in the agreement of sale, was a forgery. The actual charter party, according to the government, provided for a three-year term and provided, as opposed to the forgery, that the owners of the vessel would pay for fuel. These matters were covered by the stipulated testimony of Werner Kuhns.

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As a result, the government contends that the statement made by Naslas was false.

The government also contends that since the charter is an important factor in valuing a vessel, the valuation of the Aris as security for the loan, was inflated because the valuation delivered to the bank was based on the assumption that the vessel had been chartered for five years.

All three defendants are charged in Count 66. You must find beyond a reasonable doubt either that the following statement or report was false and was made or caused to be made by the defendant whom you are considering or that such defendant overvalued the worth of the security, namely, the vessel Tachys.

The statement reads:

"There is in existence between Endeavor and BP Tankers, Ltd. a time charter dated November 20, 1971 for the Tachys for a period of five years at the rate of pounds sterling 2.008 per deadweight ton per month."

This statement is contained in a letter dated February 4, 1972 addressed to the National Bank of North America signed by Costas Naslas on behalf of both Tidal Marine and its principal operating subsidiary, Galaxy Steamship Corporation, and delivered to the National Bank of North America in connection with the Tachys loan. This letter is

Government's Exhibit 252.

A copy of the charter referred to in the statement was delivered to the bank as part of the closing and was signed by the defendant Paul Katritsis on behalf of Spartan Endeavor Shipping Company, Ltd.

The defendant James Hanlon represented the seller of the vessel in connection with the closing on this vessel.

The government contends that since the charter on the Tachys was a forgery, the statement which is charged in this count of the indictment was false.

The government also contends that the valuation of the vessel which was based on the existence of a five-year time charter at a certain rate was likewise inflated since the charter referred to in the valuation did not exist.

In the case of Count 68, in which James D. Hanlon is charged, you must find beyond a reasonable doubt either that the following statement or report about the vessel Aquario was false and was made or caused to be made by the defendant James D. Hanlon or that James D. Hanlon overvalued the worth of certain security, in this case the vessel Aquario.

The statement reads:

"Is performing under that three and a half year charter of the vessel to the Shell of Venezuela, Ltd., dated June 1, 1971, the Aquario charter, performance under which charter commenced on August 9, 1971."

This statement was made in a loan agreement dated February 11, 1972 between Southeast Tanker Company and National Bank of North America which is contained in Government's Exhibit 42. The government contends that this statement is false since the Aquario was actually on a time charter for a period of two years, nine months, that is, 33 months, and not three and a half years or 42 months. The government also contends that the valuation of the vessel was inflated since the valuation delivered to the bank listed the value of the Aquario as $2,175,000, when allegedly in fact the vessel had been purchased for $795,000 just six months earlier.

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With respect to Count 75 in which James D. Hanlon is charged, you must find beyond a reasonable doubt that the following statement or report was false and was made or caused to be made by the defendant James D. Hanlon. The statement reads:

"On Monday we shall be able to provide you with the guarantee of Mark Scufalos who is and has been the sole stockholder of the corporation since its organization."

This statement is contained in a letter dated June 2, 1972 from Hanlon to Melvin Tublin, counsel for the National Bank of North America in connection with a loan on the vessel Tagma.

The letter is in Government's Exhibit 22.

The government contends that the statement was in effect a representation to the bank's counsel that Mark Scufalos was the sole stockholder of Epidavros Shipping, which was the corporate borrower on this transaction.

The government contends that this statement was false, that Scufalos did not own any Epidavros shares at all.

In the case of Count 76 in which James D. Hanlon and Costas Naslas are charged, you must find beyond a reasonable doubt that the statement or report that Mark Scufalos had owned 100 percent of the shares of Epidavros Shipping Company, Ltd. from March 11, 1971 to date, which refers to

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the date of the statement, namely, June 16, 1972, was false, and was made or caused to be made by the defendant whom you are considering.

This statement, which was contained in a document called the "Less Developed National Certificate" dated June 16, 1972, Government's Exhibit 20, was signed by Costas Naslas.

The government contends that this document was delivered in connection with the closing of a loan on the vessel Tagma at the National Bank of North America.

The government contends that the corporate borrower was really a Tidal Marine Company and that Scufalos did not own any of the shares in Epidavros.

The government contends that James D. Hanlon represented Epidavros in connection with this matter.

The second element of this false statement offense under Section 1014 is the subject of knowledge.

The government must establish beyond a reasonable doubt that the defendant whom you are considering knew the statement or report to be false or the security overvalued. Medical science as yet has devised no instrument by which you can go back and determine what purpose was in one's mind when he performed certain acts. Rarely is direct proof available that one had knowledge of a fact or intended to

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bring about a resul Now and then a person may commit himself in writing or make a statement in which he concedes that as of a certain thime he had knowledge of the fact and that he acted with specific intent to achieve a specific result. But of course, that is rare, and is the exception rather than the rule.

The intent with which an act is done is often more clearly and conclusively shown by the act itself or by a series of acts than by words or explanations of the act long after its occurrence. Frequently, the acts of individuals speak their intentions more clearly than do their words.

One may apply the old adage, "Actions speak louder than words."

Accordingly, intent, willfullness and knowledge may be established by surrounding facts and circumstances as of the time acts occurred or events took place and the reasonable inferences to be drawn therefrom. This is referred to as circumstantial evidence and if believed, it is as acceptable as direct evidence.

Guilty knowledge cannot be established by demonstrating inadvertence, carelessness or other innocent reasons on the part of the defendant. This applies wherever in this charge reference is made to knowledge and willfullness. However, it is not necessary that the government prove to a

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certainty that a defendant whom you are considering knew any given fact or facts.

The element of knowledge of a given fact under this false statement or overvalued security charge may be satisfied by proof that a defendant acted with reckless disregard of what the truth was, unless he actually believed the contrary to be true. One may not deliberately close his eyes to what otherwise would have been obvious to him.

How does one go about determining whether a defendant knew that a given fact contained on a statement to a bank was false or that the value of certain security such as a vessel was overstated? This is a matter which may be inferred from other facts. Thus, if an individual was involved in loans on the same vessel at two different banks and factual representations were made in connection with the second loan which were inconsistent with representations made in connection with the first loan and the representations made in connection with the second loan were established to have been false, you might infer that such an individual had knowledge of the false nature of the second representation or acted in reckless disregard of whether such representation was false.

You may infer, if you feel such an inference to be justified, that by not attempting to resolve an

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inconsistency of this nature, at the very least an individual had acted in reckless disregard of whether or not a given fact was false.

Similarly, you may infer from a person's involvement with a particular vessel, a particular charter or the particular transaction, that he had knowledge with relation to that vessel charter or transaction.

With respect to Costas Naslas or Paul Katritsis, the government contended they had taken part or had knowledge of certain improprieties while employed at Tidal Marine. If you find this to have been the case, when Naslas or Katritsis signed documents which contained these statements of fact you may infer, if you choose, that such misstatements either were done knowingly and deliberately or that Naslas and/or Katritsis acted with reckless disregard or reckless indifference as to whether such representations were false.

In the case of any particular situation you may ask yourselves did a defendant, because of his prior experience and his knowledge, act in reckless disregard of whether or not a given set of facts were false? If you conclude that he did, you may, if you wish, infer that he had knowledge of the false nature of such facts.

The third element in this false statement charge under Section 1014 relates to insurance by the Federal Deposit

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Insurance Corporation. There appears to be no controversy in this case as to the third element of this offense. That is, that the National Bank of North America was a bank, the deposits of which were then insured by the Federal Deposit Insurance Corporation.

Since it is an essential element, you must be convinced beyond a reasonable doubt that it was such a bank at the times the statements or reports were made and at all times relevant to all the counts herein.

The fourth element, the purpose of the statement or report.

To satisfy the fourth element of this offense, the government must prove beyond a reasonable doubt that the false statement or report was material and was made for the purpose of influencing the action of the National Bank of North America. If you find that the statement concerned a subject matter which the defendant whom you are considering believed the bank would consider relevant to a decision of whether or not to grant a loan or relevant to any action the bank might take with respect to a loan, then you may find that the statement was material, and made for the purpose of influencing the action of the bank in connection with the loan.

However, the government does not have to prove

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that the bank actually relied on this statement or relied upon the valuation of the security. It is enough that the defendant in any way intended to influence the action of a federally insured bank by aiding or abetting or making the false statement or report.

Turning now to the information which makes a charge under Title 18 of the United States Code, Section 215, relating to gifts, fees and commissions for procuring loans. These charges are contained in Counts 3, 4 and 5 of the information. These charge the defendant Costas Naslas with aiding and abetting the violations of a federal statute which read in pertinent part as follows:

"Whoever being an officer or employee of any bank the deposits of which are insured by the Federal Deposit Insurance Corporation stipulates for or receives or consents or agrees to receive any fee, commission, gift or thing of value from any person, firm or corporation, for procuring or endeavoring to procure for such person, firm or corporation or for any other person, firm or corporation, from any such bank or corporation any loan or extension or renewal of loan or substitution of security, commits a crime."

Under this law the crime is committed at the time of the receipt, consent or agreement, irrespective of when the loan is made.

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The counts of the information which charge a violation of this statute reads substantially as follows. Counts 3, 4 and 5, the substantive charges, are virtually identical in values, except for the dates and amounts and the persons from whom the money was received. Thus, the respective dates, the 7th of January, the 28th of January and in or about March 1972, are set forth in Counts 3, 4 and 5, respectively.

On these respective dates it is charged that Joseph Metzger and John J. Shevlin, Officers of the bank with federally insured deposits, National Bank of North America, unlawfully, willfully and knowingly did receive and consent and agree to receive on each occasion the sum of $10,000; on January 7th, from Amanatides and Naslas; on January 28, from Amanatides, Naslas and Livas and in or about March, 1972 from Amanatides and Naslas, and these payments in each instance were allegedly for procuring and endeavoring to procure loans by the bank of Aries Navigation Corporation, Pisces Navigation Corporation, Spartan Pride Company, Ltd. and Spartan Endeavor Shipping Company, Ltd.

In addition to the foregoing charges denominated substantive charges, Count 1 of the information charges Costas Naslas with conspiring and agreeing with others to violate Section 215 of Title 18 of the United States Code.

I will refer again to the conspiracy charge and

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explain in detail how it differs from the foregoing substantive charges when I come to the conspiracy portion of these instructions.

In order to convict the defendant Costas Naslas on any count of the information charging him with the substantive offenses, that is, Counts 3, 4 and 5, you must find beyond a reasonable doubt first, that at or about the time set forth in the count the National Bank of North America was a bank, the deposits of which were insured by the Federal Deposit Insurance Corporation.

Second, that at the time of the alleged offense Joseph Metzger and John Shevlin were officers or employees of the National Bank of North America.

Third, that at or about the time of the alleged offense Joseph Metzger and John Shevlin received a fee, gift or commission as charged in the counts you are considering from the defendant Costas Naslas for the purpose of procuring the loan specified in the counts you are considering, and, fourth, that the defendant Costas Naslas acted unlawfully, willfully and knowingly.

As to the first two elements, as I have already said, it seems undisputed that the bank was federally insured and Joseph Metzger and John Shevlin were officers of such bank.

However, you must still find that the government

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has proven these elements beyond a reasonable doubt.

In regard to the third element that I have described to you, the defendant Costas Naslas is charged as an aider and abettor, with another or others, since it is alleged that he made payments to John Shevlin and Joseph Metzger in connection with procurement of loans at National Bank of North America.

The statute prohibiting receipt of things of value, fees, commissions or gifts with respect to procuring or endeavoring to procure loans contemplates at least four situations where a bank officer or one aiding or abetting receipt of such monies by a bank officer could be guilty:

One, where the bank officer stipulates for any such emolument.

Two, where he receives such.

Three, when he consents to receive it.

And, four, when he agrees to receive it.

The statute is violated even though the loan to the borrower is completed before the value, fee or gift from the borrower.

As a matter of public policy, where the deposits of a bank are federally insured, no officer of a bank may take things of value or fees, commissions or gifts from any person, firm or corporation for procuring or endeavoring to

procure from such person, firm or corporation or anyone else from the bank, any loan or extension or renewal of loan or substitution of security. To do so is a crime colloquially referred to as graft, which takes advantage of a position of trust or public office to obtain fees, commissions and so on for rendering service.

Obviously the same public policy prohibits one from making payments to a bank officer for such services.

As to the fourth element to be proved beyond a reasonable doubt, the term "unlawfully, willfully and knowingly," in this section, 215, means that you must be satisfied beyond a reasonable doubt that the defendant Costas Naslas knew what he was doing, that he did it deliberately and voluntarily as opposed to inadvertently, mistakenly or accidentally or as a result of some coercion.

Of course, it is not necessary that the defendant Costas Naslas should know that he was violating any particular law. Rather, it is sufficient, if you are convinced beyond a reasonable doubt, that he was aware of the general unlawful nature of his conduct.

The defendant Naslas, the only person named in the information, is charged with having knowingly and intentionally aided and abetted the violation of Section 215 of the federal statute we are presently considering.

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The law in respect to aiding and abetting provides that it is a crime, not only to commit illegal acts, but also to cause a crime to be committed, to aid, abet or procure or induce another person to commit such a crime. That is based on the aiding and abetting statutes which states, Section 2A, "Whoever commits an offense against the United States or aids, abets, counsels, commands, induces or procures it commission, is punishable as a principal.

"B) Whoever willfully causes an act to be done which is directly performed by him or another would be an offense against the United States is punishable as a principal."

A violation of federal laws is an offense against the United States. The defendants named in the indictment as well as the information are charged under the aiding and abetting statute as well as being charged as principals.

So, you will bear the definition in mind in considering the charges in the indictment as well as in connection with the information.

To determine whether a defendant aided or abetted in the commission of an offense, you ask yourselves these questions:

Did he knowingly and willfully associate himself with the venture charged as criminal; did he participate in it as something he wished to bring about; did he seek by his

actions to make it succeed?

If he did, then he is an aider and abettor.

It is not necessary for a conviction of a defendant on any of the substantive crimes charged in either the information or the indictment that you find he did every or even any particular act necessary to complete the offense. He may be convicted if the evidence establishes beyond a reasonable doubt that he was an aider and abettor.

Anyone who knowingly and willfully aided or abetted or procured or induced another person to commit an illegal act or who caused an illegal act to be done, is himself guilty of committing the illegal act.

I propose now to turn to the various conspiracy charges made against those on trial. Although I told you that I will follow the sequence set forth in the verdict form, you will note that I am skimming for the moment wire fraud charges that are related on the first page. I am doing that in the interest of clarity to the extent that I can.

a.m.

gwlt 1

Six separate and distinct conspiracies are charged in the accusations which you are considering. Each is separately set forth.

The defendant Hanlon is charged in four of these, the defendant Naslas in four, and the defendant Katritsis is charged in two.

The separate conspiracies are set out, as you see from your verdict form, in Counts 36, 51, 62, 65 and 67 of the indictment; and Count 1 of the information which charge the defendants named therein in such counts with conspiracy to violate certain federal statutes referred to therein.

A conspiracy to commit a crime is an entirely separate and different offense from the substantive crime which is the objective of the conspiracy.

The essence of the crime of conspiracy is the scheme or plot, understanding or agreement to violate other laws. It makes no difference whether the scheme was successful or whether it failed of its purpose. It is still punishable as a crime if there was such a scheme.

Consequently, by way of one example, on the charge of conspiracy to violate Section 215 of Title 18 USC, relating to the receipt of gifts by bank officers, there is no need to prove an actual violation of that section, it is

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enough that there was a criminal plan to see that bank officers got graft, illegal graft.

The conspiracy statute, Section 371 of Title 18 of the United States Code, provides in pertinent part as follows:

"If two or more persons conspire to commit any offense against the United States and one or more of such persons does any act to effect the object of the conspiracy, each shall be guilty of a crime."

Various conspiracy counts in the indictment and the information charge the defendants named therein with having conspired to commit one or more of the offenses against the United States I have already mentioned to you, namely, the offense of making false statements or overvaluing securities to influence the action of a federally insured bank in connection with a loan and the offense of receipt of a fee, commission, gift or thing of value for procuring a loan.

I will now give you the substance of the conspiracy counts in the indictment and in the information.

Incidentally, you will be given a copy of the indictment and information for your use in the jury room.

Each of the conspiracy counts in the indictment charges in paragraph 1 thereof that from about January 1971

to January 1973, there was an unlawful conspiracy to violate the federal statute against false statements to a bank whose deposits were federally insured in relation to loans by the bank.

The conspiracy charged in Count 36 -- refer to the top of the second page of your verdict form -- names Amanatides, Hanlon and Scufalos as co-conspirators to make false statements and reports on a loan of $3,300,000 made August 11, 1971 to corporations known as Eltanin Navigation, Capella Navigation, Bellatrix Navgiation, Canopis Navigation and Aldebaran Navigation and Acamar Navigation.

Among the means by which the named defendants and their co-conspirators would and did carry out the said conspiracy were the following:

In or about July 1971 Amanatides and Scufalos would and did make a false statement and report to the National Bank of North America, to wit, that Scufalos was seeking a loan to acquire the interests of his partners in six vessels, which statement and report, as the said Amanatides and Scufalos then and there well knew, was false.

And on or about August 11, 1971, the defendant Hanlon would and did act as attorney in fact for the six corporations listed above at a closing on a loan of $3,300,000 made to those corporations jointly by the bank.

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The false statement conspiracy charged in Count 51 names as the co-conspirators Amanatides, Naslas, Katritsis Blonsky and Hanlon.

The false statement is charged in this Count 51 within relation to a loan of $5,500,000 made jointly to Aries Navigation and Pisces Navigation on or about December 24, 1971.

The indictment asserts that among the means by which the defendants and their co-conspirators would and did carry out the said conspiracy, were the following:

On or about the 25th day of February, 1971, the defendant Livas would and did form and caused to be formed a corporation named Union Commercial Shipping Company, Ltd. for the purpose of falsely and fraudulently representing that the transaction entered into by the aforesaid corporation were transactions by Mark Scufalos and Union Commercial Steamship Company.

In or about December 1971 the defendants Amantides, Livas and Michael Blonsky would and did prepare and caused the preparation of two false, fraudulent and fictitious time charter parties as follows:

One, under date of November 24, 1970 between BP Tanker Company, Ltd. and Antares Navigation Corporation on the vessel Tekton for five years; and, two, under date of

December 7, 1970 between BP Tanker Company, Ltd. and Alkaid Navigation Corporation on the vessel Tropis for five year .

The indictment charges further in paragraph 5 of this alleged conspiracy that in or about December 1971 the defendant Blonsky would and did sign the name "Ashford" to the aforesaid time charter parties purportedly reflecting agreement to the aforesaid charter parties by BP Tanker Company, Ltd.

Six, in or about December 1971, the defendant Amanatides would and did sign his name to the aforesaid charter parties on behalf of Antares Navigation Corporation and Alkaid Navigation Corporation.

Seven, on or about the 24th day of December, 1971, the defendant Paul Katritsis would and did execute two assignments of money due and to become due on the aforesaid time charter parties in favor of National Bank of North America.

Eight, on or about the 24th day of December, 1971, the defendant Paul Katritsis would and did sign documents relating that 100 percent of the outstanding shares of Aries Navigation Corporation and Pisces Navigation Corporation had been owned by Union Commercial Shipping Company for one year.

Count 62 charges a conspiracy between Amanatides, Blonsky and Naslas to make false statements and overvalue

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property and security in connection with a loan of $4,266,000 made by the National Bank of North America to Spartan Pride Shipping Company, Ltd. on or about December 29, 1971.

The false statement charged in this Count 62 is the statement that the vessel Aris had been chartered for 60 months by Wintershall from Leo Navigation Corporation. The overvaluation charged in the count is one concerning this vessel, the Aris.

The indictment sets forth the means of the conspiracy as follows.

Among the means by which the defendants and their co-conspirators would and did carry out the said conspiracy were the following:

3. In or about November or December 1971 the defendants Amanatides and Blonsky would and did prepare and cause the preparation of a false, fraudulent and fictitious time charter party between Leo Navigation, a subsidiary of Tidal Marine, and Wintershall, purporting to reflect the existence of a 60-month charter by the aforesaid Wintershall on the vessel Aris in Leo Navigation.

4. On or about December 29, 1971, the defendant Costas Naslas would and did sign a contract conveying the vessel Aris from Leo Navigation to Spartan Pride Shipping Company, Ltd., which contract warranted that the vessel Aris

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had been time chartered to Wintershall A.G. for a period of 60 months.

Count 65 charges a separate conspiracy between Amanatides, Livas, Blonsky, Naslas, Katritsis and Hanlon to make false statements and overvalue property and security in connection with a loan of $4,500,000 made by the National Bank of North America to Spartan Endeavor Shipping on February 4, 1972.

The false statement charged in this Count 65 is the statement that the vessel Tachys would be and had been time chartered to BP Tanker Company, Ltd. for a period of five years.

The overvaluation charged in the count is one concerning this vessel, the Tachys.

The indictment sets forth the means of the alleged conspiracy.

Among the means by which the defendants and their co-conspirators would and did carry out the said conspiracy were the following, according to the indictment:

3. In or about December 1971 and January and February 1972 the defendants Amanatides, Livas and Blonsky would and did prepare and caused the preparation of a false, fraudulent and fictitious time charter party under date of November 20, 1971, reflecting the chartering of the

vessel Tachys from Spartan Endeavor Shipping Company, Ltd. by BP Tanker Company, Ltd. for five years.

4. In or about December 1971 and January and February 1972, Blonsky would and did sign the name "Ashford" to the aforesaid charter party purportedly reflecting agreement to the aforesaid charter party by BP Tanker Company, Ltd.

5. In or about December 1971 and January and February 1972, Paul Katritsis would and did sign the aforesaid charter party on behalf of Spartan Endeavor Shipping Company, Ltd.

6. In or about February, 1972 the defendant Paul Katritsis would and did cause the signing of a secretary's certificate by the purported secretary of Spartan Endeavor Shipping Company, Ltd. attesting to the availability and completeness of a copy of the aforesaid charter party affixed thereto for submission to the National Bank of North America.

7. On or about the fourth day of February, 1972 the defendant Costas Naslas signed a letter addressed to National Bank of North America which stated, in part, "there is in existence between Endeavor and BP Tankers, Ltd. a time charter dated November 20,1971, for the Tachys for a period of five years at the rate of pounds sterling 2.008

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per deadweight ton per month."

Count 67 charges a separate conspiracy between Amanatides, Livas and Hanlon to make false statements and overvalue property and security in connection with a loan of $1,500,000 made by the National Bank of North America to Southeast Tankers Company, Ltd. on February 11, 1972.

The indictment alleges that the means of the alleged conspiracy were as follows:

Among the means by which the defendants and their co-conspirators would and did carry out the said conspiracy were the following.

3. On or about the 29th day of September, 1970 the defendant Livas acquired a company named Scandinavian and World Navigation Company, Ltd.

4. In or about October, 1970 in London, England, the defendant Livas acquired Brent Shipping Company, Ltd.

5. On or about the 7th day of June, 1971, the defendant James D. Hanlon caused the formation of Southeast Tanker Company, Ltd.

6. On or about the 8th day of July, 1971, the defendant James D. Hanlon wrote a letter to Irving Trust Company, London, England, directing the transfer of $79,500 from the account of Kowloon Tank Ship Company, Ltd., a company controlled by the said James D. Hanlon and his wife

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Alice E. Hanlon to a joint account maintained at Hambros Bank, London, England, by Brent Shipping Company, Ltd. and Tonnevolds Tankrederi A/S Grimstad, Norway, which $79,500 represented a 10 percent down payment on the purchase of the vessel Thorhild, later renamed Aquario, from Tonnevolds Tankrederi A/S by Brent Shipping Company, Ltd.

7. On or about the 11th day of July, 1971 at 2 Chesterfield Hill, London, England, the defendant James D. Hanlon prepared corporate resolutions for Southeast Tanker Company, Ltd. authorizing the purchase of the vessel Thorhild, later renamed Aquario, from Brent Shipping Company, Ltd.

8. On or about the 12th day of July, 1971 in London, England, the defendant Livas as President of Southeast Tanker Company, Ltd., executed the resolutions referred to in paragraph 7 above.

9. On or about the 15th day of July, 1971, 500 shares of stock in Southeast Tankers Company, Ltd. were issued, 250 among them to Scandinavian World Navigation and 100 among them to Kowloon Tank Ship Company, Ltd.

10. On or about the 16th day of July, 1971, Southeast Tanker Company, Ltd. had obtained a loan in the amount of $780,000 from the First National Bank of Boston, London, England, to finance the purchase of the vessel

Thorhild, renamed Aquario. The loan was guaranteed by the defendants Amanatides and Livas and by Transoceanic Shipping Company of Piraeus Ltd., a company controlled by Livas. Of the proceeds of the said loan, $260,000 were diverted to the account of Barclay Investments Ltd., a company controlled by Livas, were thence transferred to the account of Transoceanic Shipping Company of Piraeus Ltd. and from that account were, along with $455,000 of the loan proceeds from the account of Southeast Tanker Company, Ltd., transferred, on instructions of Livas, to Tonnevolds Tankrederi to pay the balance of $715,000 due on the purchased vessel Thorhild, renamed Aquario, by Brent Shipping Company Ltd.

11. On or about the 16th day of July, 1971 the defendant Livas, President of Southeast Tanker Company, Ltd., executed in London, England an assignment to the First National Bank of Boston of the revenues of a time charter for 33 months on the vessel Thorhild, renamed Aquario, with Shell of Venezuela commencing in August or September 1971.

12. On or about the 16th day of July 1971 the defendant James D. Hanlon registered two bills of sale for the vessel Thorhild, renamed Aquario, with the Deputy Commissioner for Maritime Affairs of the Republic of Liberia in New York. The first of the said bills of sale conveyed the vessels from Tonnevold Tankrederi to Brent Shipping Company Ltd. at a

purchase price of $795,000. The second of said bills of sale conveyed the vessel from Brent to Southeast Tanker for $1,300,000, which bill of sale was signed on behalf of Brent by Paul Katritsis.

13. On or about the 16th day of July 1971, the defendant Hanlon, as attorney in fact for Southeast Tanker Company, Ltd., executed a first preferred mortgage on the vessel Thorhild, renamed Aquario, in favor of the First National Bank of Boston, London, England, and registered the said mortgage with the Deputy Commissioner for Maritime Affairs of the Republic of Liberia, New York.

14. In or about January or February, 1972, at 2 Chesterfield Hill in London, England, the defendant Livas prepared and caused the preparation of a false, fraudulent and fictitious charter party between Shell of Venezuela and Southeast Tanker, which reflected that Shell of Venezuela had chartered the vessel Aquario for a period of 42 months.

15. In or about January of February of 1972, the defendant Livas did sign his name to the false, fraudulent and fictitious charter party described above and did forge and caused to be forged upon the said charter party the signature of Captain Gerard Nout, an authorized signatory of charter parties for Shell of Venezuela.

16. In or about February, 1972, the defendant

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Hanlon did furnish to the Bank of North America and to its attorney, a copy of the false, fraudulent and fictitious charter party described above annexed to a President's certificate falsely attesting to the completeness and validity of the copy of the said false, fraudulent and fictitious charter party.

17. On or about the 11th day of February, 1972, the defendant Hanlon did execute a loan agreement with the National Bank of North America as attorney in fact for Southeast Tanker Company Ltd., under which the bank agreed to loan $1,500,000 to Southeast Tanker Company Ltd.

The loan agreement signed by the defendant Hanlon falsely and fraudulently recites that the vessel Aquario was on charter to Compania Shell of Venezuela for a period of three years and six months, that is, 42 months, the charter having commenced in August, 1971.

18. On or about the 11th day of February, 1972, the proceeds of the $1,500,000 loan from the bank were deposited in the account of Southeast Tanker at National Bank of North America.

19. On or about the 14th day of February, 1972, $100,000 of the proceeds of the said loan were transferred to the account at the bank of Ionic Shipping Agency Ltd., a company controlled by the defendants.

20. Further portions of the proceeds of the $1,500,000 loan were distributed from the account of Southeast Tanker at First National Bank of Boston, London, to which $1,200,000 of the loan proceeds were transferred on or about February 11, 1972.

Then the date February 14, 1972, $200,000 and the recipient was Barclay Investments Ltd.; February 16th, $200,000, the recipient was Eldorado Investments; February 24th, $120,000, the recipient was Barclay investments; March 2nd, $25,000, Eldorado Investments, the recipient.

The indictment continues that at all times relevant hereto, Barclay Investments Ltd. was controlled by defendant Livas, and Eldorado Investments Ltd. was controlled by defendant Amanatides.

Now, there remains but one more of these conspiracy charges and that is in the information.

The United States Attorney charges:

1. From about the first day of November, 1971 to and including the first day of September, 1972, in the Southern District of New York, Joseph Metzger, Harry Amanatides, A. Ion Livas, Costas Naslas, Gregory Spartalis and John Shevlin unlawfully, willfully and knowingly did conspire and agree with one another to commit violations of Title 18 of the United States Code, Section 215.

2. It was part of this conspiracy that Spartalis, Metzger and Shevlin, officers of the said National Bank of North America, would indeed unlawfully, willfully and knowingly receive and consent and agree to receive fees, commissions, gifts and things of value from the defendants Amanatides, Livas and Naslas for procuring and endeavoring to procure loans by the bank to Tidal Marine International Corporation and its subsidiaries and to Spartan Pride Shipping Company Ltd. and Spartan Endeavor Shipping Company ltd.

Before I take up the essential elements to be established beyond a reasonable doubt with respect to the six conspiracy charges as to each defendant, I am going to declare a short recess. You may put the verdict forms on your seats and go out.

(Recess.)

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(In open court - jury present.)

THE COURT: I have just called your attention to the six separate conspiracies that are charged in the indictment. I now continue.

The essential elements to be established beyond a reasonable doubt in respect to the conspiracy charges as to each defendant are the following:

First, that some time between the dates indicated in the count you are considering an agreement existed as charged in the indictment or the information between two or more of the named conspirators.

Second, that it was a part of this agreement to violate at least one of the specific substantive statutes alleged in the count you are considering. Those statutes are Section 1014, which proscribes the making of false statements or reports or the overvaluation of security to influence the action of a federally insured bank in connection with a loan, and Section 215, which prohibits bank employees from receiving or agreeing to receive money or other valuable things in exchange for procuring of loans or the attempted procuring of loans.

Now, the third essential element is that the defendant whom you are considering knowingly and willfully associated himself as a member with the conspiracy charged in

gwlt 2

the count you are considering.

And, four, that one of the conspirators, any one of the conspirators, knowingly committed at least one of the overt acts set forth in the indictment or information, and I will call to your attention what those overt acts were when we come to that.

Before I discuss the essential elements to be proved under each conspiracy charge, I will briefly describe to you what the government contends was the purpose of the various conspiracies charged in the indictment.

The indictment in substance charges that the conspiracy set forth in Count 36, that the essence of the government's contention in that regard is that the defendant James Hanlon and his alleged co-conspirators agreed to obtain a $3,300,000 loan from the National Bank of North America as a loan to Mark Scufalos on the pretense that the loan was to buy out his partners' interests in the six corporations, each owning a dry cargo vessel.

The government contends that the actual borrower was Tidal Marine and that the loan was actually for Tidal Marine and that the false statements of purpose made to the bank were necessary because the bank had decided not to lend any more money to Tidal Marine.

With respect to Count 51. This count as

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indicated previously refers to the loan by the National Bank of North America to Aries and Pisces Navigation Corporations. Here, too, the charge is that the purpose of the conspiracy was to falsely state that the borrower was Mark Scufalos when, in fact, it allegedly was Tidal Marine.

Count 62. Costas Nasias is charged in Count 62 with conspiring in connection with a loan of the vessel Aris. The government contends that the object of this conspiracy was to obtain a larger bank loan on the vessel by falsely representing that the Aris had been time chartered by Wintershall for 60 months when, in fact, the full period of the charter was only 36 months.

Count 65. In Count 65 all three defendants are charged with conspiring in connection with a loan on the vessel Tachys to be made on the basis of a charter with British Petroleum.

The government contends that this charter was a forgery and the security for the loan was a sham.

Count 67. This Count charges James Hanlon with conspiring with respect to a loan on the vessel Aquario. The contention of the government and its charge is that the purpose of the conspiracy was to obtain a larger loan on the vessel than a bank would otherwise lend by false statements concerning the purchase price of the vessel and the term of

gwlt 4

the vessel's charter, that Hanlon caused the corporate formations of Southeast Tankers, prepared corporate resolutions for the company authorizing the purchase of the Aquario, registered two different bills of sale which had been dated the same day, that the first bill of sale transferred the vessel from Tonnevolds Tankrederi to Brent Shipping for $795,000 while the second transferred it from Brent to Southeast Tanker for $1,300,000. That financing was obtained on the alleged stepped-up price and that Hanlon submitted a forged charter party to the bank in connection with such financing.

Count 1 of the information. Count 1 of the information charges Costas Naslas with conspiring with respect to the giving of money to Metzger, Spartalis and Shevlin, bank officers, in connection with loans made by their bank to corporations in connection with vessels either being purchased or sold by Tidal Marine.

Now to the elements, the essential elements of a conspiracy charge.

What is a conspiracy?

A conspiracy is a combination or agreement of two or more persons by concerted action to accomplish a criminal or unlawful purpose or some purpose not in itself criminal or unlawful by criminal or unlawful means.

The gist of the crime of conspiracy is the

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unlawful combination or agreement to violate the law. Whether or not those persons accomplished what it is that they are alleged to have conspired to do is immaterial to the question of guilt or innocence. Thus, the success or lack of success of the scheme does not matter, for a conspiracy is a crime entirely separate and distinct from the substantive crime that may be the goal of the conspiracy.

A conspiracy has sometimes been called a partnership for criminal purpose to which every partner becomes the agent of every other partner.

To establish a conspiracy the government is not required to show that two or more persons sat around the table and entered into a solemn pact orally or in writing stating that they formed a conspiracy to violate a law, setting forth the details of the plans, the means by which the unlawful project is to be carried out or the part to be played by each conspirator. Indeed, it would be extraordinary if there was such a formal document or specific oral agreement.

Your common sense will tell you that when men and women in fact undertake to enter into a criminal conspiracy much is left to the unexpressed understanding.

Conspirators do not usually reduce their agreements to writing or acknowledge them before a notary

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public, nor do they publicly broadcast their plans. From its very nature, a conspiracy is almost always characterized by secrecy rendering detection difficult.

Thus, it is sufficient to establish a conspiracy if two or more persons in any manner through any contrivance, impliedly or tacitly, come to a common understanding to violate the law.

Express language or specific words are not required to indicate assent or attachment to a conspiracy.

On the other hand, proof concerning the accomplishment of the objects of the conspiracy may be the most persuasive evidence of the existence of the conspiracy itself.

To simplify this, perhaps a bit more, success of the venture, if you believe it was successful, is the best proof of the venture or the agreement.

In determining whether there has been an unlawful agreement, you may judge the acts and conduct of the alleged members of the conspiracy which are done to carry out an apparent criminal purpose. The adage "Actions speak louder than words" is again applicable.

Usually the only evidence available is that of disconnected acts on the part of the alleged individual conspirators, which acts, however, when taken together in

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connection with the reasonable inferences flowing therefrom, show a conspiracy or agreement to secure a particular result as satisfactorily and conclusively as more direct proof.

If upon consideration of the evidence, direct or circumstantial, you find beyond a reasonable doubt that the minds of the alleged conspirators met in an understanding and that they agreed, as I have explained a conspiratorial agreement to you, to work together in furtherance of the unlawful scheme alleged in the indictment or information, then proof of the existence of a conspiracy is established.

Once satisfied that the conspiracy charged existed, you must ask yourselves who its members were.

In deciding whether a defendant whom you are considering was a member of the conspiracy, you should consider whether on all the evidence such defendant knowingly and purposely entered the conspiracy.

In determining whether such defendant became a member of the conspiracy, you must determine not only whether he participated in it, but whether he did so with knowledge of its unlawful purpose and the specific intent to carry it forward as an associate or worker in it. Did he join with awareness of at least some of the basic aims and purposes of the conspiracy?

Knowledge is a matter of inference from facts

proved. It is not necessary that a defendant be fully informed as to the details of the scope of the conspiracy in order to justify any inference of knowledge on his part.

To have guilty knowledge a defendant need not know in advance the full extent of the conspiracy and all of its activities and actors. I want to caution you that mere association with a conspirator does not make one a member of a conspiracy, nor is knowledge without participation sufficient.

What is necessary is that a defendant participate with knowledge of at least some of the purposes of the conspiracy and with intent to aid in the accomplishment of those unlawful ends.

Once you have found the conspiracy to exist and the defendant whom you are considering to have knowingly and intentionally participated in it, the extent of his participation has no bearing on his guilt or innocence. The guilt of a conspirator is not measured by the extent or the duration of his participation. Even if he participated in it to a degree more limited than that of others of the co-conspirators, he is equally culpable so long as he was, in fact, a conspirator.

When people enter into a conspiracy to accomplish an unlawful end, they become agents for one another in carrying out the conspiracy.

Hence, the acts or declarations of one knowingly made in the course of the conspiracy and in furtherance of the common purpose can be considered by you against any defendants found to be a member of the same conspiracy, even in his absence and without his knowledge, providing that the actions and declarations were done or made during the continuance of the same conspiracy and in furtherance of some object or purpose thereof.

As I have already mentioned, the fourth essential element of the crime of conspiracy is that an overt act to effect the object of the conspiracy be committed by at least one of the co-conspirators.

Why is this necessary? The concept of conspiracy is "scheming."

Suppose you have men scheming and nothing is done to carry out the scheme, no objective overt act to carry out the scheme. Then the charge of conspiracy must fail.

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You must have some overt act, whether an innocent act or guilty act, providing that act was done during the course of the scheme and in furtherance of some object of it.

Thus, if one were to say a person walked from here to Broadway, that in itself might be an innocent act; but in the circumstances of the alleged conspiracy, that act may achieve something as an intregal, essential part of carrying out the purpose.

An overt act is any step, action or conduct which is taken to achieve, accomplish or further the objective of the conspiracy.

As I have said, the purpose of an overt act is while parties might conspire and agree to violate the law they may change their minds and do nothing to violate the effect, in which event it wouldn't constitute an offense.

An overt act, as I have said, need be neither a criminal act nor the very crime which is the object of a conspiracy. It may be a seemingly innocent act which however sheds its innocent character if it is a step in carrying out the conspiratorial scheme.

I will now read to you the overt acts set out in each conspiracy count in the indictment and in the information.

Count 36 of the indictment relating to the

$3,300,000 loan involving six dry cargo vessels sets out that:

"In furtherance of the conspiracy charged therein and to effect the objects thereof, the defendants and their co-conspirators did commit the following overt acts, among others, in the Southern District of New York:

"1. In or about July 1971, Mark Scufalos and Harry Amanatides had a conversation with Joseph Metzger.

"2. On or about the 11th day of August, 1971, James D. Hanlon signed a loan agreement."

Count 51 of the indictment relating to Aries and Pisces loan sets out that:

"In furtherance of the conspiracy charge therein and to effect the objects thereof, the defendants did commit the following overt acts among others in the Southern District of New York:

"1. On or about the 24th day of December, 1971, Paul Katritsis signed an assignment of monies due and to become due on the above described and purported time charter parties between BP Tanker Company Ltd. and Alkaid Navigation Corporation and Antares Navigation Corporation.

"2. On or about the 24th day of December, 1971, Harry Amanatides and James D. Hanlon had a conversation.

"3. On or about the 30th day of December, 1971, Costas Naslas and James D. Hanlon signed a power of attorney."

Count 62 of the indictment relating to the loan on the vessel Aris charges that:

"In furtherance of the conspiracy there alleged and to effect the objects thereof, the defendants did commit the following overt act, among others, in the Southern District of New York:

"On or about the 29th day of December, 1971, Costas Naslas signed a contract conveying the vessel Aris from Leo Navigation Corporation to Spartan Pride Shipping Company Ltd."

Count 65 of the indictment relating to the loan on the vessel Tachys sets out that:

"In furtherance of the conspiracy there alleged and to effect the objects thereof, the defendants did commit the following overt acts among others in the Southern District of New York:

"1. On or about the 4th day of February, 1972, Costas Naslas signed a letter addressed to the National Bank of North America.

"2. On or about the 7th day of February, 1972, James D. Hanlon signed a letter addressed to Michael Panayotopulos."

Count 67 of the indictment respecting the loan on the vessel Aquario, charges that:

"In furtherance of the conspiracy charge therein and to effect the objects thereof, the defendants did commit the following overt act, among others, in the Southern District of New York:

"1. On or about the 14th day of July, 1971, James D. Hanlon did prepare and submit to the Deputy Commissioner for Maritime Affairs of the Republic of Liberia, New York, two applications for official number, call sign and registration of vessel for the Thorhild, to be renamed Aquario, one as the property of the Brent Shipping Company Ltd. and the other as the property of Southeast Tanker Company Ltd.

"2. On or about the 11th day of February, 1972, James D. Hanlon signed a loan agreement between Southeast Tanker Company, Ltd. and National Bank of North America."

Count 1 of the information relating to the money gifts to bank officers charges that:

"In furtherance of that conspiracy and to effect the objects thereof, the defendants and their co-conspirators did commit the following overt acts among others, in the Southern District of New York:

"1. On December 24, 1971, Harry Amanatides gave Joseph Metzger an envelope containing about $10,000 in cash.

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"2. On or about January 6, 1972, Costas Naslas signed a check payable to cash in the amount of $20,000.

"3. On or about January 28, 1972, Joseph Metzger and John J. Shevlin went to the offices of Tidal Marine International Corporation at 80 Pine Street."

With respect to any conspiracy count which you are considering, it is not necessary for the government to prove that each member of the conspiracy committed or participated in any particular overt act specified in the count so long as the overt act was in fact performed to further the conspiracy and within the time frame of the alleged conspiracy, since the act of any one of the alleged members, done in furtherance of the conspiracy, becomes the act of all the other members.

Also, the government is not required to prove each of the overt acts as alleged in the counts you are considering. It is sufficient if it proves the commission of at least one overt act in the Southern District as to any and in connection with each of the six alleged conspiracies to have occurred in the Southern District of New York which includes Manhattan, at or about the time alleged.

The overt act need not have occurred at the precise time, in the count that you are considering. While each conspiracy count charges that the conspiracy charge in

the count existed from on or about a particular date, and continuously up to and including to another date, it is not essential that the government prove the conspiracy started and ended on or about those specific dates. It is sufficient that you find that in fact a conspiracy was formed and existed for some time within the period set forth in the counts you are considering and that at least one of the overt acts was committed by one of the conspirators in furtherance thereof within that period.

We turn now to another substantive charge; that of wire fraud in pursuance of Title 18, United States Code, Section 1343.

The defendant James D. Hanlon is charged in Count 10, 18 and 22 with violating the laws against the use of wires for fraud.

The statute, Section 1343, reads in pertinent part as follows:

"Whoever having devised or intending to devise any scheme or artifice to defraud or for obtaining money or property by means ~~of~~ false or fraudulent pretenses, representations or promises, transmits or causes to be transmitted by means of wire, radio or television communication in interstate or foreign commerce, any writings, sound, signals, pictures for the purpose of executing such scheme or artifice,

is guilty of a crime."

In this case, we have referred to so-called telexes. The essence of Count 10 is contained in the introduction to Counts 10-12, which you find in the indictment. It is that the defendant James D. Hanlon, along with others named in such introduction, took part in a scheme to obtain loans aggregating $2,200,000 from the National Bank of North America on the vessels named Ilion, Harilion, Marilion and Kyrilion.

I think somebody suggests those vessels carry the names of heavenly bodies.

The essence of Counts 18 and 22 is contained in the introduction to Count 17-22 and is that James D. Hanlon and the others named in such introduction, embarked on a scheme which culminated in the obtaining of a loan of $4,000,000 from the Bank of America in London, England, on a vessel named the Trechon, and that Hanlon and the others diverted a portion of such loan to companies under their control.

The government contends that James D. Hanlon was Tidal Marine's attorney in connection with this loan.

Under the law applicable to this case, each transmission of an interstate or foreign wire communication, telex, for the purpose of executing a fraudulent scheme

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alleged in the introduction of Count 10 to Count 18 and 22 respectively, constitutes a separate crime.

In order to find the defendant James D. Hanlon guilty in the offense charged in any of the counts, 10, 18 and 22, you must find the government has proved the following three essential elements beyond a reasonable doubt:

1. That at or about the time alleged in the counts you are considering James D. Hanlon devised or intended to devise a scheme or artifice to defraud or a scheme or artifice to obtain money or property by means of false or fraudulent pretenses, representations or promises or aided or abetted another in respect to such a scheme.

2. That James D. Hanlon acted willfully and knowingly and with an intent to deceive.

3. That for the purpose of executing the scheme the defendant transmitted or caused another to transmit a wire communication in interstate or foreign commerce, certain writings, signs, signals and sound.

The first element of the offense charged in these three counts, 10, 18 and 22, is the existence of a scheme or artifice to defraud or the existence of the scheme or artifice to obtain money or property by means of fraudulent pretenses, and representations.

In this case, scheme or artifice mean a plan for

the accomplishment of an object.

The government claims that in Count 10 the plan of the defendant James D. Hanlon and the others involved in the alleged scheme was to obtain loans from the National Bank of North America on the four vessels, the Ilion, the Harilion, the Marilion and the Kyrilion in an amount in excess of what the bank might otherwise have loaned on such vessels by representing to the bank that the purchase price of these four vessels was $2,700,000, when the purchase price had actually been only $2,105,000; that after the bank had approved the loan subject to further approval of the charter, the plan involved also representing that the Harilion was on a three-year time charter to Mitsui Lines at $1,645 per day.

The Kyrilion was on a three-year time charter, to Port Line/Blue Funnel Line at $1,535 a day.

The Marilion was on a time charter to Japan Line, Ltd., $1,800 per day.

And the Ilion was on a time charter to Unimar Seetransport GMBH.

The government's contention is that none of these charters in fact existed and that the security for the loan was in effect a sham.

The scheme charged in Count 18 and 22 of the indictment concerns a loan on the vessel Trechon.

The government's contention here is that representations were made to the Bank of America in London that a Tidal Marine subsidiary, Deneb Navigation Corporation, had contracted to purchase the Trechon for $5,500,000 when in fact the purchase price of that vessel had been $3,500,000 which was later reduced to $3,385,000.

Deneb Navigation was able to obtain a loan from the bank of $4,000,000.

The government contends that James Hanlon was Tidal Marine's attorney for the purchase and financing of the vessel.

The government further contends that after the loan was made Amanatides diverted $215,000 of the proceeds to Victory Development Corporation, a corporation which he controlled and James D. Hanlon diverted $750,000 of the proceeds of the loan to Kowloon Tank Ship Company Ltd., a corporation which he controlled.

The government can be found to have satisfied its burden of proof as to this element if you find beyond a reasonable doubt that there existed either a scheme or a plan to defraud or a scheme or plan to obtain money by false pretenses or representations.

The first of these types of schemes, that is the scheme to defraud, would include any plan to obtain something

of value by trick or deceit. This is so because the word "fraud" as used here refers to all types of means which are resorted to by one individual to gain advantage unconscionably over someone else by false representations.

The second of those types of schemes, that is, the scheme to obtain money by false representations is very similar to a scheme to defraud. Such a scheme refers to any plan by which one person seeks to obtain money from another by means of misrepresentations as to a material fact.

Such misrepresentation may be made in two ways:

By statements of material fact which are just not true, and, two, by the failure to state facts which are necessary to be stated in order to permit a full understanding of the truth of the matters which have been stated.

In other words, once a person undertakes to state certain facts to another person, he has an obligation not to give a distorted picture of the facts which renders his statement misleading.

Sometimes a half truth is no more honest than an outright falsehood. And therefore, a scheme to make false representations may be constituted by half truths which are calculated to mislead.

In the case of the scheme alleged in Count 10 the government contends that a scheme involved misrepresentations as to the initial purchase of the vessels as well as

misrepresentations as to the charters on the vessel.

In the case of Counts 18 and 22, the scheme alleged in those counts include misrepresentations as to the purchase price of the Trechon. Of course, before you can find that there existed a scheme to obtain money by false representations, you must find that the facts allegedly misrepresented, whether by affirmative false statements or other relevant facts were material in the matter under consideration.

Material facts are facts which reasonably could be expected to induce a person or an entity such as a bank which of necessity acts through individuals to decide whether to act or not to act. In deciding whether the government has satisfied its burden of proving the first element of the offenses charged in Counts 10, 18 and 22, that is, that there existed a scheme to defraud or a scheme to obtain money by false representations, you must decide whether the government has proven a particular scheme charged in the indictment.

Another fraudulent scheme charged in this case allegedly consisted of various parts as outlined in the introduction to Counts 10-12 and 17-22 respectively.

The government does not have to prove each and every one of those allegations.

As to the second element of the crime of wire fraud, the terms willfully and knowingly in the context of

the wire fraud statute mean that you must be satisfied beyond a reasonable doubt that the defendant knew what he was doing and that he did it deliberately and voluntarily as opposed to inadvertently or mistakenly or accidentally or as a result of some coercion.

As used here, "willfully" means with a bad purpose and a specific intent to do what the law forbids. Of course it is not necessary that the defendant knew he was violating any particular law, rather, it is sufficient if you are convinced beyond a reasonable doubt that he was aware of the general unlawful nature of his action and specifically intended to do what the law forbids.

The significant fact to be established under this element is the specific criminal intent and the bad purpose with which the defendant acted.

Under the wire fraud statute false representations, promises or pretenses do not amount to a fraud unless they are made with fraudulent intent. However misleading or deceptive a plan may be in the use of the wires to execute it or attempt to do so does not constitute crime if the plan was devised in good faith and not with a specific intent to deceive or defraud.

Honesty and good faith on the part of the defendant is always a good defense to the charges in these counts.

An honest belief in the truth and representations made by him is a good defense to the charge of wire fraud, however inaccurate the statement turns out to be.

If you have found that the defendant James D. Hanlon participated in the scheme to defraud willfully and knowingly and with intent to deceive, then you must consider whether the government has proven the third essential element of the offenses charged in Counts 10, 18 and 22, namely, that the specific use of wire communications in furtherance of the scheme to defraud charged in the respective counts actually occurred.

I charge you that as a matter of law if you find that the telexes described in the indictment were sent, such constituted the transmission of sound by means of wire communication in interstate or foreign commerce within the meaning of the statute.

These wire communications are in the case of Count 10, Government's Exhibit 271; Count 18, Government's Exhibit 283A; and Count 22, Government's Exhibit 283B.

I further charge you that if you find that the wires described in those three counts were sent from London, England to New York, New York, this would constitute a transmission of sound by means of foreign commerce within the meaning of the statute.

Furthermore, it is not necessary for the government to prove that the defendant James D. Hanlon personally initiated the wire communication in question or indeed, that any person named in the Count you are considering initiated the communication. It is sufficient if the proof is that the defendant James D. Hanlon or another individual who James D. Hanlon aided and abetted knowingly and intentionally took steps which Hanlon or such individual knew or reasonably could have foreseen at the time would naturally and probably would result in the use of wire communications in interstate or foreign commerce, whether or not Hanlon or such person actually knew of the wire communication.

The government charges the defendant Hanlon as both a principal and also as an aider and abettor in relation to the wire charges.

Aider and abettor liability has already been defined for you.

The government has the burden of proving the essential elements of the scheme to defraud, but it is not necessary to prove that every step of the scheme was accomplished.

Instead, the crime is complete when the scheme is conceived and the wires are used in an attempt to execute it.

Furthermore, because the crime that is charged in

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Counts 10, 18 and 22 is the devising of a scheme to defraud and not the result of that scheme, I instruct you that in order to convict it is not necessary for you to find that James Hanlon realized any gain whatsoever from the scheme nor is it necessary that the intended victim suffered any loss whatsoever.

The question is, did the defendant knowingly devise a scheme to defraud and to obtain money and property or aid and abet another in so doing and did he use or cause the use of the wires to further the scheme. In order for a scheme to come within the wire fraud statute, it is not necessary that anyone be deceived. The offense is committed when the scheme has been devised and in pursuance of it the wires are used.

Although the government does contend that the National Bank of North America was actually deceived in the case of Count 10, and the Bank of America was actually deceived in the case of Counts 18 and 22, the government need not show that anyone actually relied on the alleged misrepresentation.

If the defendant James D. Hanlon made such misrepresentations or aided and abetted another as part of a deliverate scheme to defraud or to obtain property by false representations intending others to rely upon it, and set in motion steps which would normally be expected to lead to the

use of the wires and the wires were in fact used after, that would be sufficient.

Now, on another subject.

The government has introduced evidence of similar acts and transactions by the defendants not charged in the indictment or in the information. The government contends that from various similar acts alleged during this trial in addition to the facts charged in the indictment and information you may infer that the defendants knew the activities they engaged in were fraudulent.

Similar acts alleged by the government, if you find they occurred, may not be considered by you as evidence that any defendant had a criminal character. However, if you find that such acts occurred, they may be considered by you in determining whether the defendant whom you are considering had the requisite knowledge and intent with respect to the crimes in the indictment or information.

Where proof of such similar acts is established beyond reasonable doubt, you may, if you wish, draw therefrom the inference that in doing an act or participating in an alleged conspiracy charged in the indictment or information the accused acted knowingly and with a requisite criminal intent and not because of a mistake or inadvertence or other innocent reason.

In summary, if you find beyond a reasonable doubt that a defendant did an act charged in the indictment or information, or participated in a conspiracy charged in the indictment or information, knowingly and intentionally, then other similar acts can help you in determining whether his act or participation was done with the requisite, guilty knowledge.

In reaching your verdict, you must approach your duty with an attitude of complete fairness and impartiality, one in which you reach your decision solely on the evidence at trial and without the slightest trace of sympathy, prejudice or bias, either for or against the government or the defendants.

The fact that the government is a party here entitles it to no greater than, and no less consideration than that accorded to any party in a court of the United States.

All parties are equals at this bar of justice.

It is my province to instruct you, as I have done, on the legal principles that are to be followed in the case and it is your duty to accept those instructions as they are given to you by me.

On the other hand, it is your exclusive function to determine the facts on the basis of your consideration of the evidence and then applying the instructions as to the law

that I have given you, to decide whether or not each defendant on trial before you is guilty of the charges against that defendant.

You are the sole and the exclusive judges of the facts. Your decision as to the fact is final and conclusive.

As I have indicated earlier, the indictment and the information here are but a formal method of accusing the defendant of a crime bringing the case to court for trial and determination.

An indictment or an information defines the charges against the defendant as to which the evidence at the trial must be addressed. Neither is any evidence that a crime has been committed and no inference of any kind may be drawn from the fact that an indictment or an information was filed.

It is solely your function to consider and decide if the defendant is guilty or not guilty of the charges.

No inferences may be drawn against the defendant on trial because of others named in the indictment or information who pleaded guilty. The fact that another person named in the indictment or information pleaded guilty is not to be taken as evidence against the defendant on trial before you and may not be considered in any way in determining the

facts as to any defendant in this trial, except insofar as the evidence was given on this trial.

Each defendant before you has pleaded not guilty. That means that the government has the burden of proving guilt beyond a reasonable doubt with respect to each crime that the defendant under consideration is accused of having committed and that burden never shifts.

The defendant is under no obligation to undertake to prove his innocence under our laws. Indeed, a defendant does not have to submit any evidence at all if he doesn't want to.

On the contrary, under our laws, a defendant is presumed to be innocent of any charge in the indictment or information and that presumption existed when the indictment or information was returned and remains throughout the trial and in your deliberations. It is a presumption which is sufficient to require an acquittal of the defendant, unless you the jury on all the evidence, are convinced beyond a reasonable doubt.

A reasonable doubt is one that arises out of the evidence in the case or lack of evidence. A reasonable doubt is one that appeals to your reason, to your judgment, to your common sense and to your experience. It is not caprice, whim or speculation and it is not an excuse to avoid performance

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of an unpleasant duty. And it certainly is not sympathy for the defendant.

A reasonable doubt is such as would cause prudent people to hesitate in acts of importance to themselves. Putting it a little differently, if you are confronted, as indeed you are here, with an important decision and after reviewing all the factors that are pertinent for that decision you find yourself beat by uncertainty and unsure of your judgment, then you have reasonable doubt.

Conversely, in that same situation, if you have taken into account all the elements that pertain to the problem and you find you have no uncertainty, no reservation about your judgment, then you have no reasonable doubt.

Proof beyond a reasonable doubt does not mean proof to a positive certainty or proof beyond all possible doubt. Indeed, if the latter were the r-ule, few persons, however guilty, could ever be convicted. It is practically impossible for a person to be absolutely and completely convinced of any fact which in its nature is not susceptible of mathematical certainty; so that kind of certainty, as I have tried to indicate, is not the test.

You are going to have to rely upon your own common sense and general experience in evaluating the evidence. There are generally speaking two types of evidence from which a jury may properly find the truth of the facts in the case.

One is direct evidence such as the testimony of an eyewitness or a participant. The other is indirect or circumstantial evidence, the proof of a chain of circumstances pointing to the existence or non-existence of certain facts.

In order to prove a fact by circumstantial evidence there must be positive proof of some fact which although true does not in itself directly establish the fact in dispute but does afford basis for reasonable inference of its existence.

The fact or facts upon which it is sought to base an inference must be shown and not left to rest in conjecture and when shown, it must appear that the inference drawn is the only one that can fairly be drawn from the facts and that any other explanation is reasonably excluded.

A common example given a jury, of circumstantial evidence, is the following, in an explanation of what I have just told you:

Suppose at the time you came into court this morning the sun was shining and there were no clouds in the sky and when you came into this trial courtroom the shades were drawn and the blinds were down so that you couldn't see outside. Pretty soon somebody came through the door, walking into the courtroom with a dripping umbrella and a dripping raincoat. You haven't been outside in the meantime. When

you left outside it was clear, but when these people came in with their dripping umbrellas and raincoats, something may have happened outside.

You would be entitled to infer from the circumstances that there is a dripping umbrella and a raincoat that it is not raining outside.

Thus, circumstantially you infer from the fact of that dripping umbrella and raincoat some other matter to which your mind is inferentially lead:

The rain outside.

The mind is circumstantially led from a fact to reach another fact. That will give you an illustration of what circumstantial evidence is and what it may lead to.

It is not necessary that the participation or lack of participation of a defendant in any crime be shown only by direct evidence. The connection may be inferred from such facts and circumstances, circumstantial evidence as legitimately tends to sustain that inference.

In this case, of course, each side has produced both direct and indirect or circumstantial evidence.

The government contends that its evidence establishes the defendants' guilt.

Defendants contend no evidence has overcome the presumption of innocence and at the very least, there is a

reasonable doubt as to guilt.

You will apply to all the evidence the same standard of proof and must satisfy yourselves of the guilt of the defendant beyond a reasonable doubt or else you must acquit the defendant of the charge that you are considering.

In evaluating the evidence which has been placed before you, you will determine the reliability of the witnesses you have heard and the extent to which you can count on any or all of them for accurate accounts of the facts.

You have had an opportunity to observe the witnesses as they testified. You want to be asking yourself and thinking together how each witness impressed you. Did the witness appear to be truthful, candid, frank, forthright; or did the witness seem evasive, deliberately obtuse, shifty or suspect in some other way? Was there inconsistency or disparity in what the witness remembered and failed to recall and was it explained or explanable? Did the witness appear to know what he or she was talking about and did the witness impress you as having a purpose to report his or her knowledge to you truthfully, fully and accurately?

Was he or she consistent or self-contradictory? How did the manner and the matter of his or her testimony on direct examination compare with his or her manner or matter of the testimony or cross examination?

You should consider not only the intrinsic persuasiveness of each person's testimony by itself, but its setting in the circumstances of the whole case.

For example, the degree to which any particular item of testimony is corroborated or contradicted in the case and all such things you would test by your own mature judgment about life, about people and about human behavior.

A witness may be discredited or as we say impeached, by contradictory evidence or by evidence he or she made statements inconsistent with his or her testimony on the witness stand.

You should consider, among other things, the question of intent or motive, if any, of the witness.

The witnesses have been identified and they have told you about their background and associations. You may wish to consider whether the witness may have had inducements or incentives or loyalties or motives to shade the truth or biases of one kind or another that may have led the witness consciously or not to give you less than a completely accurate account of the fact he or she purported to portray.

If you believe a witness has willfully sworn falsely before you, you are free to disregard all of the testimony of that witness or at your option, to accept and credit only such parts of it as your judgment dictates should

be accepted.

Prior conviction of a felony either by a plea of guilty or after trial does not render a witness incompetent to testify but merely is a circumstance which you may consider in determining the crediblity of the witness.

The statements of a witness given under oath before trial in a proceeding subject to the penalties of perjury which statements are inconsistent with the witness trial testimony are to be considered as evidence of the truth of the matter asserted which the jury may consider with all the other evidence in the case.

However, if the prior inconsistent statement was not under oath, it may be considered only for impeachment of the truth of the trial testimony.

A defendant who has testified is to have his testimony assessed in the same way as you assess the credibility of any other witness. The greater a person's interest in the case, the stronger the temptation to testify falsely.

A defendant who testifies has a deep, personal interest in the outcome; indeed perhaps the most largest interest in the outcome, In appraising his credibility you may take the fact of interest into consideration.

However, it by no means follows that simply because a defendant has a vital interest in the end result

he is not capable of telling the truthful, candid version of the facts. It would be for you to make the judgment of his believability under all the facts and circumstances in evidence.

Admissions of a defendant are among the most effective proofs in the law and constitute the strongest evidence against the party making it that can be given of the facts stated in the admission.

Accordingly, you are entitled to give great weight of the defendant's admission as reported to you from any of the witnesses or sources that have been called to your attention, subject to the degree which you credit what has been called to your attention.

In this connection, you have heard that the defendant Nastos madecertain statements in interviews at the United States Attorney's office. If you find that the defendant Naslas did make the statements, you may give them such weight as you believe they deserve after considering all the evidence and the circumstances which were brought out in the evidence.

In that connection, in his rebuttal summation, the defendants claim that Mr. Glekel made the following statement, referring to the defendant Costas Naslas:

"I submit to you his story, the testimony about

handing the envelopes with cash to the bank's officers and being told a second or two thereafter that they contained $10,000 in cash, is a clear fabrication invented and devised, if for no other eason than to meet the proof gainst him which he had a full opportunity to listen to prior to his testimony."

From that statement, the defendants would have you draw the inference that Mr. Glekel was suggesting recent fabrication with respect to that particular matter and that particular part of the case.

I read to you, by consent of counsel yesterday afternoon, the report of Mr. John Gordan which he typed up on October 5, 1975, of an interview that he had had with Mr. Naslas on October 3, 1975, but of which he had not made any notes at the time.

I also called to your attention the further hand-written notes of Mr. Gordan made on October 7th with respect to the subject of any possible future recommendations in respect to the sentencing of the witness Shevlin.

Were you to draw the inference that Mr. Glekel's statement indicated that he was talking about a recent fabrication, a fabrication invented and devised for no other reason other than to meet the proof against him which he had a full opportunity to listen to prior to his testimony, it would be Mr.

Naslas' contention that the statement by Mr. Glekel was or would be incorrect.

Mr. Naslas contends that he first gave his version of this incident regarding the photographs and what the envelopes contained to the prosecutor's office on October 3, 1975, and he contends that he did so before Shevlin had ever accused him either at this trial or at the prosecutor's office.

The memorandum of October 7th, of Mr. Gordan, would seem to indicate that the matter of cooperation had been discussed on that date, which was subsequent to October 3rd and that Mr. Gordan had noted that his agreement was to bring the matter of cooperation to the attention of the sentencing judge, but not to agree to take a position on Shevlin's sentencing. That, he said, would be a subject for consideration by a further administration of his office; not at that time.

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Mr. Naslas draws the inference that Shevlin did not decide to cooperate with the prosecutor until after Naslas had made his own statement to the prosecutor on October 3, 1975. Naslas' prior statement covers, of course, only a part of his trial testimony and a part of the transactions that are here under consideration. But in respect to that matter, the government contends that Naslas has never given an explanation concerning the payoff checks he signed.

It is for you to consider whether Shevlin's cooperation had anything to do with Naslas' prior statement.

The government contends that the evidence indicates that the Naslas statement had nothing to do with the Shevlin statement, while Naslas contends and asks you to draw the opposite inference, namely, that it had to do therewith, that he did make the disclosure of having the conversation with Amanatides, as stated to you in the notes that Mr. Gordan recorded.

Suffice it to say, you are the sole judges of the facts and the inferences to be drawn therefrom and to decide how, if in any way, any of this fits into the consideration of the particular charges that would be affected by the subject matter to which I have just averted.

If you find that the defendant made any statement or denial in the course of questioning by law enforcement

officers in the course of the investigation of this case that he knew to be false, you may consider this as evidence of guilty consciousness relevant on the issue of knowledge and intent. This is so because of the well established legal principle that exculpatory statements, which are statements made to free one's self from connection to a charge, made upon interrogation with intent to divert suspicion or mislead the investigator, when shown to be false, are circumstantial evidence of guilty consciousness and have independent probative force.

The government called certain witnesses at trial who by their testimony asserted that they were accomplices in the crimes charged against the defendant on trial.

In the prosecution of crime, the government is often called upon to use witnesses who are accomplices in the commission of the crime itself.

The government frequently must use such testimony because otherwise it would be difficult or impossible to detect or prosecute wrongdoers.

The testimony of an accomplice is not to be rejected unless the jury thinks it has no weight. The fact that an alleged accomplice pleaded guilty or that the witness may have motives for testifying falsely, does not necessarily show that the witness was testifying falsely.

If accomplices could not be used, there are many cases where there is real guilt and where conviction should be had and were convictions would not be obtainable. Their evidence is properly considered by the jury. Their testimony, however, must be examined and weighed by the jury with greater care and caution than the testimony of an ordinary witness.

It is the universal rule in the federal courts that a defendant may be convicted on the uncorroborated testimony of an accomplice. However, it should be pointed out that the government here does contend that it has offered corroboration and proof from other witnesses and by way of documents and records.

Now, in conclusion, ladies and gentlemen, when you undertake your deliberations on this case, use your common sense in evaluating the evidence, the circumstances and the probabilities. Don't allow yourselves to be confused with irrelevant detail, if you find there is any, or be swayed or carried away or inflamed by appeals to sympathy or passion. Suspicion or conjecture or prejudice should not be substituted for proof. You must maintain a calm, clear view of the case and not be sidetracked by anything or anybody from a fair dispassionate consideration of the evidence in arriving at your resolution of the facts.

The punishment of one who has been convicted of crime is of no concern to a jury. That is solely the responsibility of the Court, the Judge, who is to impose sentence, if any, and to make the judgment on the degree of punishment, whatever it may be or may not be.

Were the jury to give any consideration to punishment or decide the case presented to it by any consideration of punishment, that would be an improper thing to do and an invasion of the Judge's province. You must not allow that subject to enter into your deliberations or your thoughts. Under your oaths and affirmations as jurors you cannot allow any consideration other than the evidence to influence your verdict in any way or in any sense enter into your deliberations.

I want you to listen to each other carefully in the jury room when you consider the matter. If you think you are wrong and somebody else is right, don't be embarrassed about changing your opinion but, remember, each of you has to decide the case for himself or herself. Each charge must be considered separately as to each defendant.

A verdict of guilty or not guilty against any defendant on any count as to which you are reporting to be acceptable must be unanimous.

You may, if you wish, report your verdicts

separately from time to time as you reach them unanimously if that would aid in your deliberations.

As I had indicated previously, you have been provided with a form of verdict which will aid you in recording what you have decided upon if you have reached unanimity.

You are at liberty to elect your own spokesman who will act as the foreperson in the jury room and in reporting to the Court, but do not let that become a subject of controversy in the jury room. When a majority have agreed on someone, please follow the majority in this regard.

The oath or affirmation you took right at the start really sums up what you are supposed to do in this case, and that is without fear or favor to any party you will well and truly decide the issues according to the evidence and in accordance with the law as stated to you in this charge.

If you desire any of the exhibits, those will be sent to you in the jury room upon request. If you want any of the testimony read, that can be done, but please remember that it is not easy to find particular portions. So any requests that you do make through your spokesman must be made in writing, signed by him or her, and please be as specific as you possibly can.

Please do not communicate with anyone concerning your deliberations about this case except in writing, signed

by your spokesman, who will be provided with pencil and paper by the marshal.

I would now like to take a moment to talk to the lawyers at the side bar. They may wish to call to my attention any matter on which I may have overlooked or where I may have misspoken. I will ask you to relax for a moment while I do that.

MR. FLEMING: If your Honor please, would it be appropriate to go into the robing room?

THE COURT: Yes, we can do it that way.

MR. FLEMING: Thank you.

(In the robing room.)

THE COURT: Are there any exceptions or requests on the part of the government?

MR. GLEKEL: No, your Honor.

THE COURT: Are the defendants all to be spoken for by one counsel?

MR. FLEMING: Your Honor, I will speak with regard to every exception that we have with regard to --

THE COURT: With regard --

MR. FLEMING: With the exception of one exception that we have.

Your Honor, we except to your Honor's failure to charge on knowledge and intent as requested on the fourth

page of our request number 4, and we object to that portion of the instruction which your Honor did give on the question of knowledge, which included the statement which we believe to be in the nature of judicial testimony, that people rarely leave evidence of knowledge lying around.

We would request that your Honor instruct the jury on knowledge and intent as requested on the fourth page of our request number 4.

THE COURT: Just off the record a minute.

(Discussion off the record.)

MR. FLEMING: Beginning with the words "Knowingly and willfully" and running through the next three paragraphs down to the words "to disobey or to disregard the laws."

THE COURT: It is my recollection that the charge embodies precisely all of that. However, it is all right.

Go ahead.

MR. FLEMING: Your Honor, we except to those portions of your Honor's charge on conspiracy which contain what in our submission is judicial testimony, that it would be extraordinary for conspirators to sit around the table or reduce agreements to writing or broad cast their plans and that conspiracy is always marked by secrecy and intrigue; that portion of your charge where your Honor instructed with regard to conspiracy, the more successful venture is the best

proof that there has been a conspiracy.

We particularly object to it in this case because the venture here was successful, but it doesn't seem to me that bears on the guilt or innocence of these defendants unless they are connected.

We object to that part of your Honor's charge on conspiracy where your Honor stated that usually the only evidence available is unconnected acts of fellow conspirators, except in this case again where, particularly on Delfos' testimony, there is overwhelming and undisputed evidence that Amanatides, Livas, Blonsky, Delfos and Scufalos on occasion did act together and not in an unconnected way.

THE COURT: Undisputed by whom?

MR. FLEMING: By the government, I believe. It is their witness.

THE COURT: I don't recall any statement which credited anything that they said.

Go ahead.

MR. FLEMING: I was talking about the witness Delfos.

In connection with your Honor's instructions on overt acts, your Honor did charge that an innocent act can be an overt act sufficient to establish the conspiracy. We agree with that, of course.

We would ask your Honor to add that the innocent act is sufficient to satisfy the conspiracy only if it is knowingly done in furtherance of the conspiracy.

My recollection of your Honor's instruction was you said an innocent act done which furthered the conspiracy is sufficient to establish the conspiracy.

I think in the circumstances of this case, it could give rise to a belief in the jury's mind that acts innocent by the person committing those acts amount to conspiratorial conduct if they further conspiracy.

THE COURT: I think you are mistaken about the scope of the charge on that subject. What you want me to say is that an overt act must be done knowingly in furtherance of the conspiracy.

MR. FLEMING: Yes, your Honor.

THE COURT: I think that that's already implicit, but I have no objection to making that explicit.

MR. FLEMING: Thank you, sir.

Your Honor, with regard to the instructions on wire fraud, Count 10, your Honor made two statements which I believe are not in accord with the record and I think obviously they were inadvertent.

Your Honor said that the Harilion, Marilion, Kyrilion and the Ilion had been referred to by some parties,

someone in the trial, as heavenly bodies. Those four ships, your Honor, were Livas ships and they were not Tidal Marine ships, and I don't believe any one of those names is a star. Our argument with regard to --

THE COURT: If they are not heavenly bodies, I will tell them that the Ilion, Harilion, Marilion and Kyrilion are not heavenly bodies.

MR. FLEMING: Nor, your Honor, have we ever referred to those four ships as heavnely bodies.

Also, I do not believe that the government contends on Count 10 that Hanlon was acting as Tidal's attorney. I do not so read their request.

I think that your Honor did state that the government made that contention.

MR. GLEKEL: As the borrower's attorney.

THE COURT: What's that?

MR. GLEKEL: The contention is that Mr. Hanlon was acting as the borrower's attorney.

I think what Mr. Fleming is saying is that the borrower's in that loan were actually, at least formally, Mr. Livas, rather than Tidal Marine.

THE COURT: I think I took it exactly from the government's request.

MR. FLEMING: They put the wire fraud in one

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request, your Honor, and it comes at the bottom of the second paragraph which really relates to Counts 18 and 22.

MR. SPRIZZO: I thought it was there, too.

THE COURT: In this connection I call your attention that the corrections to the government's charge are contained in Court's Exhibit 20.

mR. FLEMING: There is no need to correct this, your Honor. The charge does not need correction.

MR. SPRIZZO: The government has it down in writing.

MR. FLEMING: They go down to here your Honor. They go over and say the essence of Count 18 and they say James Hanlon was Tidal Marine's attorney in connection with this loan. I think that's where the confusion arose, your Honor.

THE COUR That is exactly the way I read it. Here it is. I just made a new paragraph out of it.

Here is the way I read the othre one. I just added the heavenly bodies in the wrong place. That's all.

MR. FLEMING: I have no problem then, your Honor. I withdraw that.

THE COURT: You withdraw that one. All right.

MR. FLEMING: Your Honor, you gave what I thought was a proper charge on honesty and good faith as a

defense to the crimes and you specified as a defense to the crimes in these counts, referring to the mail fraud counts, and stated again a defense -- the wire fraud counts, and stated again that good faith and honesty were a defense to wire fraud.

Now, your Honor did not give that instruction with regard to the other counts in the indictment even though in our submission the same instruction is called for with regard --

THE COURT: Isn't it a fact that I interspersed at every second word the requirement that the fraud must be knowing and intentional and willful and not inadvertent or as a result of mistake or inadvertence? It seems to me I sprinkled that so liberally that I almost felt as though the government would take me to task.

MR. FLEMING: Our point is, your Honor, you charged specifically --

THE COURT: I am not going to go beyond the statement already made so as to overbear the charge in any direction at this point. I don't see how you can willfully and intentionally commit a fraud if it was honestly and in good faith.

MR. FLEMING: We agree, your Honor.

Your Honor charged that that was a defense to the

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wire fraud counts --

THE COURT: Because that is the way the wire fraud count as submitted by the government and approved by Mr. Sprizzo reads.

MR. FLEMING: We believe, your Honor, that your failure to give that exact instruction with regard to all of the counts in the indictment and giving it specifically with regard to the wire fraud counts raises the inferences that it is not a defense to the other counts in the indictment.

THE COURT: How can it raise the inference if you have to intentionally and willfully commit a fraud? How do you say that good faith is not a defense under those circumstances?

MR. FLEMING: Because --

THE COURT: If you are being willful and intentional and not inadvertent or innocent, how can you possibly be acting in good faith?

MR. FLEMING: We respectfully request that the same instruction with regard to honesty and good faith as being a defense be given to the jury --

THE COURT: It is not a defense. It is not a crime. It is not a crime unless you establish the converse of what you're talking about. I charged on what was a crime.

MR. FLEMING: My recollection of your Honor's

charge in the wire fraud counts, your Honor stated that honesty and good faith are always a defense for the crimes charged in these counts, meaning the wire fraud counts, and went on to say that honesty and good faith were a defense to wire fraud. You did not give that specific instruction with regard to the other counts in the indictment, and I believe that the inference could be raised that honesty and good faith are a defense to wire fraud but are not a defense to the false statement counts or the conspiracy counts, or to the other counts in the indictment.

We would ask that your Honor charge that to the jury with regard to all of the counts in this indictment.

Your Honor, with regard to your Honor's instruction on similar acts, we believe your Honor should instruct the jury that a similar act is probative only if it is established that the similar act was done with guilty consciousness because absent evidence of guilty consciousness with regard to the similar act, similar act has no probative value on any of the acts alleged as crimes in the indictment.

THE COURT: That I decline to charge except as already charged.

MR. FLEMING: With regard to your instructions on accomplice testimony, we do object as I think we have to, what we submit is judicial testimony, that the government must use

accomplices and if accomplices were not used, many guilty people would escape conviction.

We also except to your Honor's failure to charge reasonable doubt as requested in our request number 2 and except to your Honor's failure to charge as we have requested.

MR. SPRIZZO: I only have one or two very brief observations.

For the purpose of the record I guess we have to reserve any objections to the government's requests to charge which your Honor overruled. I take it you did overrule a few.

Secondly --

THE COURT: I don't know what that means. You are running something in on me again --

MR. SPRIZZO: We indicated what portions of the government's charge we excepted to. I think your Honor said it would be a consolidation of --

THE COURT: Is there anything which I failed to excise --

MR. SPRIZZO: I have to protect my record.

THE COURT: What are you protecting? This is the time when you are to give me notice so I have an opportunity to --

MR. SPRIZZO: I will call your Honor's attention

to one specific one.

THE COURT: All right.

MR. SPRIZZO: Just for the sake of just protecting the record --

THE COURT: I am not accepting any protection of the record unless it is specifically called to my attention as required by the law and the rules.

MR. FLEMING: Then I should, with regard to request number 2, our request on reasonable doubt--

THE COURT: That's denied except as already charged.

MR. FLEMING: We specifically except to your Honor's failure to charge the jury on paragraphs 4, 5 and 8 of our request number 2 on reasonable doubt.

MR. SPRIZZO: We also except to the Court's failure to charge as requested by the defendant in its request to charge. More particularly, the portion of the Court's charge, which I will call to the Court's attention-- we feel our written objections to the government's requests have already pointed out these portions of the government's requests to charge which the Court has given which we find objectionalbe and which we reserve.

The one portion of the Court's charge which I do object to specifically and will recapitulate the objection previously made is that portion of the Court's charge

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which deals with recklessness and reckless disregard as set forth in the Court's charge.

It substantially tracks the language of the government's requests to charge to which we already made objection and we think it is unduly prejudicial, is over-balanced in the government's favor, and given the circumstances of this case, where reckless disregard was not even argued to the jury by the government on summation, we feel grossly prejudiced.

We further except to that charge because it fails to contain even balancing statements of the type we request now, which is that good faith is a total and complete defense to those charges and also fails to state, as I think it should be stated, that mere negligence, even gross negligence, or the exercise of due care is not sufficient to make out the reckless disregard concept.

We think the charge as given is unduly favorable to the government. We renew the objection previously made hereto.

We also request that our request number 5 and 6 be specifically given. That is request number 30, Judge. I mean Government's request number 30, which is set forth at page 5 and 6 of my memorandum.

THE COURT: Let me see that.

1546

I will have the reporter copy in your request number 30 so that we will know exactly what it is without a lot of incorporation by reference.

MR. SPRIZZO: This is Government's request 30 to which we excepted to.

THE COURT: I know. Your exception is contained in your reference to request number 30, isn't that right?

MR. SPRIZZO: Yes. I think it's been marked as Exhibit number 20.

THE COURT: I just want to have it at this point copied into the record.

(Request #30:

"The first three paragraphs are objected to in their entirety as they constitute judicial testimony.

"P2. The words "may be" should be inserted in place of the words "are usually" in the first paragraph on that page.

"P3. The second paragraph is objected to as it is confusing and prejudicial.

"P4. The third paragraph is objected to as being vague and contains an improper statement of what inferences may be drawn from the mere signing of documents.")

THE COURT: Is that everything?

MR. SPRIZZO: That is the particular one --

THE COURT: Is that everything now?

MR. FLEMING: We would request that your Honor charge our request number 5 and 6.

THE COURT: It is always a mistake to have these things in the robing room. I decline to charge except as already charged.

MR. FLEMING: May I ask one question?

Does your Honor intend to provide a copy of the charges to the jury?

THE COURT: Charge to the jury?

MR. FLEMING: Indictments.

THE COURT: Yes. I said that right at the start of the charge.

MR. FLEMING: Okay.

THE COURT: Mr. Glckel, let me ask you this:

I am satisfied that you cannot have honesty and good faith where a charge specifically compels a jury to find beyond a reasonable doubt that there was bad faith and specific intent to violate the law knowingly and willfully.

I did follow the government's request on the honesty and good faith portion of the wire fraud matter and it is ambiguous, at least whether or not that embraces all of the counts.

1547

Is it the obverse of specific and fraudulent intent to speak of honesty and good faith in connection with the bribery count, the conspiracy count and the false statement count or is there some legal question involved there?

MR. GLEKEL: Well, your Honor, if the defendant believed that any of the false statements charged were true, that would be a defense to the false statement counts as well, as your Honor made quite clear in saying that a defendant could not be presumed to know on the basis of inadvertence.

The government's position basically is that your Honor repeatedly referred to the requirements of knowing and willful participation in all the charges in his indictment. In fact, the references went far beyond what is required by the law, and it must be absolutely clear to the jury that the willful and knowing participation of the defendant in every one of these charges is an absolute requirement to conviction.

MR. SPRIZZO: We feel --

THE COURT: I don't want any more argument on this, gentlemen. You stated your position. I don't want to log this record at this point. I am looking at my charge.

All right. I think you gentlemen can go out. I will take care of this.

1543

(In open court - jury present.)

THE COURT: Ladies and gentlemen, this will take but a moment.

My attention was called to the following, and I accordingly, charge you as follows:

That in connection with the overt acts explanation, of course, the overt act, if it is not a criminal act in itself, but is just an innocent act, must have been knowingly in furtherance of the conspiracy. It just cannot be anything. It has got to be knowingly part of carrying forward the conspiracy.

The second point is that my attention was called to the fact that I mentioned to you on the wire fraud counts that honesty and good faith on the part of the defendant would be a good defense to those counts.

What I want to convey to you is that I have already told you that the elements of the crimes here involved call for knowing and intentional conduct to violate the law. Obviously, you cannot knowingly and intentionally intend to violate the law with a specific bad purpose and be honest in good faith at the same time, but it is correct to say that honesty and good faith on the part of a defendant is a good defense on all the charges in this case.

The final thing, where I made a mistake, was that

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those four ships that I talked about, that I thought were heavenly bodies, turned out not to be heavenly bodies. So please disregard the fact that I said that the Ilion, Harilion, Marilion and Kyrilion are heavenly bodies. They are not. They are not heavenly.

All right, now that concludes all the proceedings. I am now going to discharge the three alternates.

Ms. Cleaver, Ms. Roman and Mr. Dimmery, thank you very much for your assistance and attendance and faithfulness at this trial. The clerk will give you your cards and you may retu to Room 109 for further instructions as may be required.

Is the marshal present? Come up, Marshal, and be sworn.

(The three alternate jurors were excused.)

(Marshal sworn.)

THE COURT: The first order of business will be that the marshal will escort you ladies and gentlemen to lunch. After you have had your lunch he will return to you these forms of verdict and then you will commence your deliberations. Will you just collect twelve of them, please.

All right, ladies and gentlemen. You may retire for recess and deliberations.

(Time noted 1:25 p.m.)

(Court's Exhibit 19 was marked.)

1345

(At 3:45 p.m. a note was received from the jury.)

(In open court - jury not present.)

THE COURT: I have a note from the jury which says:

"Request to see Government's Exhibits 40, 20, 42, 22, 252, Mr. Hanlon's 'opinion letter'."

What does the last refer to?

MR. GLEKEL: Mr. Hanlon wrote opinion letters in connection with all of these loans in which he represented the borrower.

THE COURT: I see. Do you have those exhibits?

MR. MARMARO: As to 40, your Honor, it is a file. We removed the charter and the charter assignment and the less developed nations certificate from the file.

THE COURT: Give the jury the separate A and B exhibits and 40 also. They have asked for 40. I am going to give them 40.

MR. GLEKEL: Is the reference to the opinion letter in the singular or in the plural? Did they ask to see opinion letter or opinion letters?

THE COURT: It says "opinion letter." I don't know what that refers to, an opinion letter on every one of these exhibits or an opinion letter.

Do you want me to find out?

MR. GLEKEL: Yes, your Honor. I would request that you do so.

THE COURT: Is there an opinion letter in each instance?

MR. MARMARO: Yes, your Honor.

MR. GLEKEL: Yes, your Honor.

THE COURT: Is that correct?

MR. SPRIZZO: There should be one in each file.

THE COURT: I will put on here "There is an opinion letter for each instance. Are you asking for all such or only one such?"

Take this into the jury and get me an answer on this.

(Pause.)

MR. GLEKEL: Your Honor, I think we are all set.

MR. FLEMING: Was your Honor going to make an inquiry?

THE COURT: I did.

MR. FLEMING: This is what they want?

THE COURT: No. Mr. Glekel said that he referred on his summation to the six dry cargo opinion letters. I am sending them that one in advance. If they ask for more, we will get the others out.

1547

MR. FLEMING: I just object to the identification. It is not part of the exhibit.

THE COURT: How will they know that that's an opinion letter?

MR. FLEMING: This is a loan agreement dated August 11th.

THE COURT: How will they know I am complying with their request? Is there anything wrong with saying that is an opinion letter?

MR. FLEMING: No.

THE COURT: All right. Take it into the jury.

If they want any more, let them ask for it.

(At 4:10 p.m. a note was received from the jury.)

(In open court - jury not present.)

THE COURT: I got a note back from the jurors:

"Judge Pollack, we no longer need opinion letter."

(At 5:10 p.m. a note was received from the jury.)

(In the robing room.)

THE COURT: I have a note which says:

"When can we discontinue day" --

MR. FLEMING: That's what we thought it was, Judge.

THE COURT: (Continuing) "-- to start tomorrow again? So far we have come to agree on one point out of some thirty. Foreman."

Off the record.

(Discussion off the record.)

THE COURT: With the approval of counsel, I am prepared to endorse this note and say that "The normal practice, if a jury is not to be sequestered for the night, is to deliberate at least until 7 o'clock," without any further comment on my part or indications as to whether or not I would curtail the time upon receipt of another note. We can take up anything further when they present it.

Is that satisfactory?

MR. GLEKEL: Yes, your Honor.

THE COURT: Is that satisfactory?

MR. FLEMING: That is satisfactory.

THE COURT: I will endorse the note. Wait until I write it out so you are in agreement with it.

Just look this over, gentlemen, and see whether this expresses everything that you would like to have me send into them.

MR. FLEMING: Yes, it is fine, your Honor.

THE COURT: All parties agree.

Mr. Clerk, you may send this back into the jury,

the approved note reading:

"Jurors: The normal practice is, for the jury which is not to be sequestered for the night, to deliberate to approximately 7 p.m. Judge Pollack."

(At 6:45 p.m. a note was received from the jury.)

(In the robing room.)

THE COURT: I have just received another note from the jury which reads:

"May we have the transcript of the cross examination of Paul Katritsis for tomorrow morning?

"Also, may we have Government's Exhibits 40, 20, 42, 22, 252 again?

"Also, closing file on Aris of Spartan Pride.

"What time should we report tomorrow?"

I propose to send into the jury before I answer any of their requests, the following inquiries:

"1. Has the jury completed or is it about to complete is deliberations?

"2. Has the jury unanimously agreed on any count as to any defendant?

"3. If your answer to number 2 is yes, does the jury wish to report its unanimous verdict or verdicts on the count or counts on which you have agreed before recessing

for the day?"

Signed by me. And then we will get their answers and I suppose we can let them go. It is now 7 o'clock.

MR. FLEMING: Could we object to that portion of your Honor's note which inquires as to whether they have reached a verdict on any count or any defendant?

THE COURT: Yes, you may object. I call your attention to U.S. v. Breland, 376 F 2nd 721, in this Circuit, where the rule was flatly laid down for this Circuit some years ago and a unanimous opinion by the Court of Appeals --

MR. FLEMING: I do not know the Breland case, your Honor.

THE COURT: -- that a partial verdict may be taken before a jury is separated for the night and that the matter is within the Court's discretion.

I may say to you that there is an alternative, and that is to sequester the jury, which I am reluctant to impose at this time of year in view of the inconvenience and probably the lack of preparation by the jury for a sequestration. It would seem to me that in my discretion that the best thing to do is to let them decide whether they wish to report. I am leaving it to them to decide whether they wish to report rather than to inquire out and out whether they have reached a unanimous verdict on any count because even

if they have reached a unanimous verdict on any count as to any defendant, they may elect not to report, but that's their decision.

MR. FLEMING: I am not familiar with the case, your Honor. I'm sorry. I never had the situation before.

My problem with it, in this case there are three defendants, of course a good number of counts nad from at least what appears there is at least some substantial deliberation to continue in the morning. I object to requesting whether or not they have a verdict and, if so, whether they want to give it because I think it tends to smack of seeking a verdict and, beyond that, that the announcement of a verdict, if they make that choice, it seems to me could have prejudice with regard to deliberations to the other defendants. It is a feeling I have. I have it strongly. I have discussed it with Mr. Sprizzo. I would object to it.

THE COURT: Rather than prejudice the defendants, I would have hoped that you would take a more optimistic view, that it might prejudice the government.

MR. FLEMING: I never take an optimistic view, your Honor. That's my feeling.

THE COURT: If you want to discuss it, you can go ahead and discuss it.

It seems to me that if you want to read the

Breland case, you are privileged to do that. It was a case tried before Judge Tyler and the issue was whether to lock the jury up, to take a partial verdict and allow them to separate, and I believe the opinion was written by Judge Dooling for the unanimous court and has since been followed in other circuits.

MR. FLEMING: I have no doubt you are right on the case. I am just pointing to what I consider the peculiar circumstances of this case where there are three defendants, where the deliberations on all of the charges could affect the deliberations on any one of the charges, and where I believe that first a request as to whether or not a verdict has been reached could be interpreted as a push, so to speak --

THE COURT: That one I don't agree with you on at all.

It seems to me that the first question that I put to them has no element of probe in it because I might just as well decide to keep them here until 9 o'clock or 10 o'clock.

The question I am trying to find out about is whether they are finished with their deliberations or about to be. Sometimes jurors say give us another twenty minutes, and that question I am definitely going to ask. I have every intention of asking the others, but perhaps you can confer

with Mr. Sprizzo if you like, and let me know of any other suggestion that you may have.

MR. FLEMING: No, I have conferred with him and the suggestions are those, your Honor. We feel in this case with three defendants and the way the proof is intertwined and the fact that apparently the jury intends to continue its deliberations in the morning, makes it a case where we would object to the taking of a separate verdict if, in fact, a separate verdict has been reached on any count on any defendant since we think it could affect the remainder of the deliberations.

I don't know if John has anything to add --

MR. SPRIZZO: They were instructed in your Honor's instructions that they could return separate verdicts if they wanted to. It is very early in the deliberation.

THE COURT: Would you prefer to have them continue deliberations, send them out to dinner and continue deliberations? I have no objection to that. They have been deliberating for at least four hours now.

Mr. Fleming's point seems to run counter to everything that the defendants in this and in every criminal case contend for, and that is that guilt is personal and must be decided in respect to each count separately, and I gather from the objection that you want guilt to be

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conglomerate, to be decided on a total basis.

MR. FLEMING: We just feel, your Honor, that the deliberations on additional counts could affect the deliberations they may have had on other counts.

THE COURT: That is the reason why I am giving them the option. If they have decided that they want to exercise the option to report, that is their choice. If they have decided that they do not want to exercise the option to report, then to be consistent with an unexceptionable charge that guilt is personal and that every count must be considered separately as to every individual defendant, it seems to me that inextricable logic requires that they consider the counts independently and separately and not as a conglomerate whole.

Is there any things you want to talk about before I decide what I want to do?

MR. FLEMING: I don't think we can add anything, your Honor.

THE COURT: All right. Send the note into the jury.

MR. FLEMING: Your Honor, the only additional information they want in the morning is the Katritsis cross? Is that how I understood that note?

MR. MARMARO: The Aris closing file. I think 22

and 252 have previously been given to them.

THE COURT: I will deal with that. I will have them into the courtroom before I discharge them.

(Pause.)

THE COURT: I have a memorandum from the jury which says:

"May we see the photocopies of the checks issued by Costas Naslas between January and March of 1972? This is in reference to the information counts."

Will you kindly get those out?

MR. GLEKEL: Yes, your Honor.

THE COURT: With respect to the other matter, Mr. Fleming, your fears seem to have been misplaced. The jury has answered the question as follows:

"To the question 'Has the jury completed or is it about to complete its deliberations,' the answer is 'No.'

"Question 2, 'Has the jury unanimously agreed on any count as to any defendant?' The answer is 'Yes.'

"Question 3, 'If your answer to number 2 is yes, does the jury wish to report its unanimous verdict or verdicts on the count or counts on which you have agreed before recessing for the day?' The answer is 'No.'"

Off the record.

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(Discussion off the record.)

MR. FLEMING: I would ask that the two checks be cut out and sent to the jury because they asked for the two checks.

THE COURT: I am not going to mutilate an exhibit that was received in evidence. The two checks --

MR. FLEMING: I would accept your Honor's suggestion of circling the check in question.

THE COURT: All right.

I have placed a red border with the consent of the parties, around the checks and the endorsement on the exhibits numbered 53A and 17G, both being parts of the total exhibit.

MR. FLEMING: Does your Honor want to explain that to the jury, what the markings mean by note or anything?

THE COURT: Off the record.

(Discussion off the record.)

(In open court - jury not present.)

THE COURT: I am sending for the jury, gentlemen.

I understand all parties consent they may separate for the evening and return to deliberate tomorrow morning.

Is that correct and do each of the defendants so agree?

MR. FLEMING: They do, your Honor.

THE COURT: All the defendants have affirmatively

agreed, and counsel agree, is that right?

MR. FLEMING: Yes, your Honor.

THE COURT: Mr. Glekel?

MR. GLEKEL: The government agrees.

(Jury present.)

THE COURT: Ladies and gentlemen:

I might say I would have called you in ten or fifteen minutes sooner, but as I was about to do so I got another request for the two checks and I thought perhaps somebody wanted to see those before you disbanded for the evening.

As you know, when a jury begins to deliberate, it is appropriate for the jury to remain together until it has completed its endeavors, and that is accomplished by sequestration.

In my judgment that is not necessary in this case. Sequestration means, of course, that you deliberate well into the evening and then you go to a hotel together and come back tomorrow.

I am going to permit the jury to separate until tomorrow morning, and I would suggest that you resume your deliberations at 9:15.

In the meantime, you are to bear in mind that you are a federal court jury and have the obligations of that

office. You are not to consider or discuss the case with anyone or even among yourselves during this period of separation in any aspect. You will find that the folks at home, friends, will want to know what you're doing. Curiosity is a great device, you know, and they like to know, get the inside story as to what you are doing and how you are doing and all that kind of thing. That would be a violation of your oaths or affirmations to well and truly try this case and it would be a discredit to the processes of justice.

So, I must ask you to strictly observe the rule that you are not to consider or discuss this case any further whatsoever until you reconvene in the morning and all twelve are present and in collegian, together. Resume your deliberations in the privacy of the jury room.

Now, I have not the slightest notion that anybody, any public relations media would be interested in this case in any way, but out of an excess of caution, I want to be sure that none of you read anything that has any remote connection with this case in any paper. Throw it away if there is anything that suggests even remotely, that it relates to this case because, remember, there is nobody but this jury who really knows what the evidence is and the outsiders have not the slightest notion of what you know of, and I do not want you to get tainted in any way by any random

or foolish suggestion or statements that anybody on the outside might make and, similarly, if you are television bugs, as I am, when it comes time to listen to the newscasts tonight, if you can forego those newscasts and turn on the soap operas, I think it will be safer.

I have not the slightest idea, as I say, that anybody other than the jury and the participants here are interested in this case, nor that it would get picked up, but I want to caution you and urge you to let nothing come up which might in any way impair the integrity of this trial.

Please try to convene on time and recommence your deliberations.

If you will be good enough to turn over to the marshal the exhibits that you already have, your verdict forms, he will have them sealed up and return them to you in the morning.

I am mindful of the fact that one of the notes of your foreperson said that you want to read the testimony on cross examination of Paul Katritsis.

The way that is done is when you arrive tomorrow morning, I will have you in here and it will be read to you so that you will have it all together, from the official transcript. That's the way it is done. Then as soon as the

clerk and the marshal tell me that you are here, we will make that the first order of business tomorrow morning and give you back the exhibits that you have requested and that you are working with.

I bid you good evening. I'm sorry to have kept you this late. You are doing a public service and I hope you appreciate that this is in the best traditions of good citizenship.

Thank you very much and good night.

(Jury excused for the evening.)

THE COURT: I would like to suggest that you give the jurors a couple of minutes time to get off the floor. The elevators are slow. I'm sure that nobody wants to get involved with a juror in an elevator.

Thank you very much.

(Time noted 7:30 p.m.)

(Deliberations to be resumed on Wednesday, June 16, 1976 at 9:15 a.m.)

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1561

Pollack

UNITED STATES OF AMERICA 1722

v. 75 Cr. 515

JAMES D. HANLON, COSTAS NASLAS and
PAUL KATRITSIS

New York, New York
June 16, 1976 - 9:15 a.m.

- - -

(In the robing room.)

MR. FLEMING: Your Honor, when I came into the courthouse this morning, and I think everyone can confirm this, there were as mass of photographers on the stairs. They are there for Bernard Bergman.

I just believe that in view of your Honor's cuationary instruction last night, which was entirely appropriate, I would request that you tell the jury that those photographers are there for the Bernard Bergman case and not for this case.

THE COURT: All right.

MR. FLEMING: I would appreciate that, your Honor

THE COURT: All right.

MR. FLEMING: Thank you.

MR. GLEKEL: Just as a reminder, your Honor, the jury asked for exhibits in connection with the closing on the Aris in their final note yesterday. Those are ready for them.

THE COURT: All right.

(In open court - jury present.)

THE COURT: Good morning, ladies and gentlemen.

I'm sure that all of you are as curious as all of us were with all of the troups out in front of the court-house this morning with their cameras and whatnot.

Just to give you something to carry away with, it all has to do with Mr. Bergman and the nursing home business, nothing to do with us. Nobody is interested in us, and that's good.

The reporter will now read to you the cross examination of Mr. Katritsis and we will furnish you with the exhibit that you asked for in addition, together with those that you had yesterday that you want back again.

All right.

(Record read.)

MR. FLEMING: May I just have a moment, your Honor?

That is the end of the cross examination.

THE COURT: There was further cross examination with Mr. Sprizzo interposed inbetween.

MR. FLEMING: The recross.

THE COURT: That is cross examination.

MR. FLEMING: I'm sorry.

THE COURT: Go ahead.

(Reading of record continued.)

THE COURT: Is there anything further that you want read at this time? If not, you may retire. We will send into you the exhibit that you requested.

(At 9:35 a.m. the jury returned to the jury room to continue their deliberations.)

(At 11:30 a.m. a note was received from the jury.)

(In the robing room.)

THE COURT: I have a note which says:

"May we have the loan file on the Tachys; also any documentation connecting P. Katritsis with Spartan Endeavor; also, the evidence (telexes) relating to the wire fraud charges."

Will you go out and get that stuff and bring it in here?

MR. GLEKEL: Yes, sir.

(Pause.)

MR. GLEKEL: Your Honor, I believe we have a disagreement as to which documents should be submitted in response to the note.

THE COURT: Give me the ones that you agree upon.

What is this?

MR. MARMARO: That is the Tachys.

MR. GLEKEL: These are on the wire fraud counts. This is more on the Tachys. This is the third, Tachys. If they want the credit file -- would you rather us not send in the credit file?

MR. FLEMING: They asked for the loan file.

MR. GLEKEL: We won't send Exhibit 43 in then.

THE COURT: All right.

MR. GLEKEL: The question is whether this letter is responsive to the jurors' request for any documentation connecting Katritsis with Spartan Endeavor.

MR. MARMARO: The document being 255.

THE COURT: Spartan Endeavor was the Panayotopulos matter, wasn't it?

MR. GLEKEL: Spartan Endeavor was the borrower, yes, on the loan.

THE COURT: It clearly belongs in. 255 should go to the jury in that regard.

MR. FLEMING: We read the note, your Honor -- "also, any documentation connecting P. Katritsis with Spartan Endeavor."

THE COURT: Yes.

MR. FLEMING: That is with the corporation, not with the transaction.

THE COURT: I think Exhibit 255 should go.

MR. FLEMING: What is the evidence on this letter?

MR. MARMARO: It was requested in connection with the closing. Certificate as to the validity of the charter.

MR. FLEMING: My recollection of the testimony, it was some time after the closing that Flemming requested Hanlon to provide certain information and two letters were sent.

MR. MARMARO: Prior to the time the money was released by the bank.

THE COURT: Exhibit 255 I believe is within the request, and it is in evidence, so the jury can determine for itself what use it wishes to make of it, and since the other documents are agreed upon, I hand them to the clerk for delivery to the marshal.

MR. FLEMING: We just believe there is nothing on 255, your Honor, which connects Paul Katritsis with Spartan Endeavor.

THE COURT: All right.

(At 4:15 p.m. a note was received from the jury.)

(In open court - jury present.)

THE COURT: Ms. Clark, have you completed your

verdict?

THE FORELADY: Yes, we have.

THE COURT: Will you please hand it to the clerk.

Is there one that's been signed?

THE FORELADY: Yes.

THE COURT: Just give the clerk the signed copy.

The clerk will read the verdict.

THE CLERK: James Hanlon on Count 56, guilty.

Count 57, guilty.

Count 66, guilty.

Count 68, guilty.

Count 75, guilty.

Count 76, guilty.

The defendant Paul Katritsis on Count 56, guilty.

Count 57, guilty.

Count 58, guilty.

Count 59, guilty.

Count 66, guilty.

The defendant Costas Naslas on Count 63, guilty.

Count 66, guilty.

The defendant Costas Naslas on Count 3 of the information, guilty.

1567

Count 4, guilty.

Count 5, not guilty.

The defendant James Hanlon on Count 10, guilty.

Count 18, guilty.

Count 22, guilty.

Count 36, James Hanlon, guilty.

Count 51, defendant James Hanlon, guilty.

Defendant Paul Katritsis, guilty.

Defendant Costas Naslas, guilty.

Count 62, Defendant Costas Naslas, guilty.

Count 65, Defendant James Hanlon, guilty.

Defendant Paul Katritsis, guilty.

Defendant Costas Naslas, guilty.

Count 67, Defendant James Hanlon, guilty.

The information:

Count 1 as to the defendant Costas Naslas, guilty.

It is signed by the foreperson, Barbara Clark.

THE COURT: Poll the jury.

(All jurors, upon being asked by the clerk, "Is that your verdict?", answered in the affirmative.)

THE CLERK: And so say you all.

THE COURT: Ladies and gentlemen, that now completes your service in this case.

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You have served diligently and labored for a long time and you go with the thanks of the Court for the job and the application that you have applied to that job.

You are now excused and the clerk will give you your certificates of service. There is no requirement that you report back again for any further service. You can distribute those, if you will.

Thank you very much. You may go out.

(Jury excused.)

THE COURT: Mr. Fleming?

MR. FLEMING: I would repeat the motions made during the case, at the close of the government's case and at the close of the case as a whole for, I believe, a directed verdict of acquittal pursuant to Rule 29 and whatever appropriate motions are appropriate at this time.

THE COURT: The motions are denied.

MR. FLEMING: We would ask your Honor that each of the defendants be continued in their present bail status pending the imposition of sentence.

THE COURT: A probation report will be ordered in the case of each of the defendants. The date for sentence will be fixed at July 26th in Courtroom 1306 at 10 a.m.

What about the question of bail?

MR. GLEKEL: Your Honor, the government has no

objection to continuing bail.

THE COURT: The bail is continued until the date of sentence.

I believe that concludes the proceedings. It will be up to the government to retrieve its exhibits unless the marshal has already brought them into you.

MR. GLEKEL: The jurors returned them on the way out, your Honor.

THE COURT: I see. All right.

Court is adjourned.

- - -

Court's Exhibit 1 for Identification

June 2, 1976

75 Cr. 515
75 Cr. 1176

We also preserve any appropriate hearsay objections other than to business records.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

1 id

June 2, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 2 for Identification

June 4, 1976

I asked if your Honor had used the word "documentation" as in the question. It was not. The question asked for "investigation".

The pages are herewith handed up

COURT EXHIBIT
U.S. Dist. Court.
S.D. of N.Y.

2 id

June 4, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 3 for Identification

EXHIBIT
U. S. Dist. Court
S. D. of N. Y.
3
JUN 4 1976

June 4, 1976.

Stipulation

The witness Petrie testified in the grand jury that in May 1972, after the Zock Petrie law firm split up, [redacted] Hanlon if Hanlon had received any remuneration from Tidal Marine direct, and whether Hanlon had "any interest in any vessel being operated by Tidal Marine" Hanlon answered negatively to both questions.

The prosecution purportedly is offering this evidence to establish consciousness of guilt on Hanlon's part. The circumstances do not permit such an inference. Hanlon was no longer a partner of Petrie and had no obligation to answer his question. [redacted]. The question was not asked by any law enforcement officer. Traditionally, statements admitted as evidence of consciousness of guilt are statements made by an individual during the course of an investigation when [illegible] allegedly illegal conduct. That was not the case here. Hanlon's answer is irrelevant and to be [illegible] [illegible] former law partner and has no probative value [illegible] in the indictment.

At the most, petitioner's testimony evidences only that Hanlon purportedly made a false statement to his former law partner and thus establishes propensity on [illegible] to tell untruths. But propensity evidence is not admissible on the relevant issue of state of mind in this case.

BEST COPY AVAILABLE

Moreover, Hanlon's answer with regard to any interest in any Tidal vessel was true since the only evidence of a Hanlon interest was in the Aquario, which was not a Tidal ship. Further, whatever interest Hanlon may have had in the Aquario had been divested by FEbruary 15, 1972.

The probative value of Petrie's testimony is slight, potentially prejudical and confusing. Proper ba[illegible]cing test requires it exclusion.

Court's Exhibit 4 for Identification

June 7, 1976

75 Cr. 515
75 Cr. 1176

Nothing in this indictment about this vessel. Subsequent to most if not all of the transactions charged. Irrelevant and potentially unduly prejudicial.

1. Shevlin will testify that he was promised additional bribes for approving a loan to Naslas for the purchase of the Anastasis.

2. The charter on the Aquario was switched to the Anastasis.

3. Some Tidal Marine fund were diverted to make repayments on the Anastasis loan.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

4 id

June 7, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 4A for Identification 75 Cr. 515
75 Cr. 1176

June 7, 1976

There was testimony at last trial by Shevlin about supposed pay-off on this vessel. Shevlin said payment never made. And Shevlin testimony in no way connected Naslas with the supposed pay-off.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

4A id

June 7, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS
SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 5 for Identification

June 7, 1976

The paragraph referred to in FBI report will fix date when Huerta learned of charter. Both Huerta and Novt misstated the date as January 1972. Inquiry necessary to correct what even government knows is erroneous testimony. Government inquired as to matter on direct examination of Huerta as we recall.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

5 id

June 7, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS
SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 6 for Identification

June 8, 1976

75 Cr. 515
75 Cr. 1176

I see no relevance to this testimony to any of the charges in the indictment. Nor is it evidence of conduct similar to that charged against Katritsis e.g., false charters, etc. Further based upon a review of Walker's grand jury testimony, what is forthcoming would be pure speculation. In her grand jury, Walker testifies about retyping of financial figures, which she did not do, but which she cannot attribute to anyone.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

6 id

June 8, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS
SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 7 for Identification

June 8, 1976

75 Cr. 515
75 Cr. 1176

We move for a mistrial on ground that evidence is irrelevant to charges in the indictment.

The evidence is therefore evidence of a crime not charged, is grossly prejudicial, and constitutes mere propensity evidence. It has no probative value as on the issues at trial here and whatever probative value it may have is outweighed by its prejudice.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

7 id

June 8, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 8 for Identification

75 Cr. 515
75 Cr. 1176

June 8, 1976

Motion for mistrial on court's comments as to relevancy.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

8 id

June 8, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 8 for Identification

Court Ex. 8

June 1, 1976

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- X

UNITED STATES OF AMERICA : 75 Cr. 1176
75 Cr. 515

v. :

JAMES D. HANLON, et al, :

Defendants. :

- - - - - - - - - - - - - - - - - - - -X

MEMORANDUM IN SUPPORT OF NASLAS MOTION TO EXCLUDE TESTIMONY AS TO PAY-OFFS BY REASON OF COLLATERAL ESTOPPEL

CURTIS, MALLET-PREVOST, COLT & MOSLE
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NEW YORK, N. Y. 10005
212 - 248 6111

Court's Exhibit 8 for Identification

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- X

UNITED STATES OF AMERICA	:	75 Cr. 1176 75 Cr. 515
v.	:	
JAMES D. HANLON, et al,	:	
Defendants.	:	

- X

MEMORANDUM IN SUPPORT OF NASLAS MOTION TO EXCLUDE TESTIMONY AS TO PAY-OFFS BY REASON OF COLLATERAL ESTOPPEL

At the trial of Metzger the witness Shevlin testified to alleged payments received by Shevlin and Metzger from Naslas and Amanatides. Shevlin testified that Spartalis told him that Amanatides would be giving them something in connection with forthcoming loan transactions. Shevlin, Spartalis and Amanatides then met together and agreed upon a payment of $70,000. each to Spartalis, Shevlin and Metzger. Shevlin then told Metzger of the payment.

Shevlin thereafter testified to five installment payments. He testified that Amanatides paid him $10,000. at the Bank on December 24, 1971, and that on the same day he confirmed with Metzger that Metzger had received $10,000. from Amanatides.

Shevlin next testified that he and Metzger together went to Amanatides' office after the Aries closing and that

he and Metzger in each other's presence each received $10,000. from Amanatides in an envelope.

Shevlin testified that Spartalis thereafter asked Shevlin if he had received any more money. Shevlin said Spartalis then called Naslas and Naslas then called Shevlin. Naslas purportedly told Shevlin that he would withdraw cash under the guise of a payroll payment. Shevlin testified that Naslas did so and that he and Metzger met with Naslas at Naslas' office and, in each other's presence, each received envelopes containing $10,000., plus envelopes containing certain photographs.

Shevlin then testified that at a later date he and Metzger together went to the lobby of 80 Pine Street where they met Naslas and each received individual envelopes containing $10,000.

Shevlin finally testified that Amanatides later delivered money and traveler's checks to Metzger and Shevlin, in each other's presence.

Metzger denied each of these transactions and was acquitted of the charges based upon these transactions.

Under established principles of collateral estoppel, the prosecution clearly is barred from offering evidence of Metzger's bribe-taking against Naslas or anyone else, since mutuability of estoppel is no longer required. See, e.g. United States v. Bruno, 333 F. Supp. 570 (E.D. Pa. 1971).

Moreover, given the nature of Shevlin's testimony, which involved agreement among Spartalis, Shevlin and Metzger to receive $70,000. each, and which placed Metzger at four of the five pay-offs to Shevlin, including both pay-offs allegedly received from Naslas, the acquittal of Metzger constitutes a rejection of Shevlin's testimony as a whole. Accordingly, the prosecution is barred from introducing any of Shevlin's testimony at this trial at least insofar as the four joint payments are involved. Since the two alleged Naslas payments were, according to Shevlin, made jointly to Metzger and Shevlin, Shevlin's testimony with regard to payments by Naslas are included within the testimony which already has been rejected and which therefore is barred.

Certainly the prosecution cannot now change its version of what the truth of the matter is with regard to Naslas. Shevlin, for example, could not now be allowed to give testimony of payments from Naslas in a manner inconsistent with the testimony which he gave at the Metzger trial as a witness for the prosecution. Having failed to convince one jury of its version of truth with regard to payments by Naslas, the prosecution cannot now present another version of the "truth".

Nor can the prosecution present a truncated version of Naslas' testimony. Shevlin swore that the Naslas pay-offs were paid in a particular way, as a part of a very specific agreement, and, in one instance, resulting from a very special withdrawal of cash funds by Naslas. Shevlin cannot now be

allowed to edit his version of what he has once said was the truth, e.g., testify that only he received money from Naslas. Such testimony would amount to an inconsistent version of the truth on the part of the government, could possibly limit cross-examination and, in fact, would work a fraud on the Court and jury.

The short of the matter is that the prosecution is bound by its version of the truth as presented by and through Shevlin at the Metzger trial. The jury disbelieved this version of the truth and acquitted Metzger. It follows that this version of the truth may no longer be presented, even though Naslas was not a party to the Metzger trial. Shevlin's testimony has been discredited and disbelieved and is no longer admissible. Since Shevlin's version of the truth has been rejected, no edited version thereof is admissible and an inconsistent version of pay-offs by Naslas is not permissible.

The followsing case authority is submitted in support of this application to bar Shevlin's testimony with regard to pay-offs by Naslas: - -

Ashe v. Swenson, 397 U.S. 436 (1970); Sealfon v. United States, 332 U.S. 575 (1948); United States v. Oppenheimer, 242 U.S. 85 (1916); United States v. Kramer, 289 F. 2d 909 (2d Cir. 1961); United States v. Nash, 447

F. 2d 1382 (4th Cir. 1971); United States v. Drevetski, 338 F. Supp. 403 (n.D. Ill. 1972).

DATED: NEW YORK, N.Y.
June 1, 1976

Respectfully submitted,

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Costas Naslas and Paul Katrites
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(212) 248-8111

PETER FLEMING JR.
JOHN E. SCRIZZO
ELIOT LAUER

Of Counsel

Court's Exhibit 9 for Identification

June 8, 1976

75 Cr. 515
75 Cr. 1176

We respectfully renew our objection to this testimony as made prior to trial.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

9 id

June 8, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 10 for Identification

75 Cr. 515
75 Cr. 1176

June 9, 1976

There must be showing of inconsistency before witness can be questioned concerning prior testimony.

I am reading these questions and answers as inconsistent statement. He testified that there was talk of pay-off in connection with Anastasis. These questions and answers, which he admits participating in, in October 1972, are offered as prior inconsistent statements just like grand jury testimony or any other prior declaration. We also object to your Honor's statements on the record that this procedure is improper, since we cannot respond orally and since we believe the procedure is proper.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

10 id

June 9, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 11 for Identification

75 Cr. 515
75 Cr. 1176

June 9, 1976

We respectfully except and move for mistrial because of court's ever increasing participation in the trial and interference with the cross-examination of defense counsel. The court has repeatedly rephrased questions on behalf of government counsel when defense objections are sustained and during the cross-examination of Shevlin the Court went so far as to prevent examination of the witness Shevlin on a transcript provided by the government and as to which no objection by the government on grounds of authenticity of that transcript had been made. The effect was to prejudice defendant in the eyes of the jury, especially since under the court's procedure we are unable to respond orally to the court's oral comments in the presence of the jury.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

11 id

June 9, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 12 for Identification

75 Cr. 515
75 Cr. 1176

June 9, 1976

Object to this testimony. There is no issue in this case as to fact of payments, only who made them. Testimony is therefore not probative and is unduly prejudicial.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

12 id

June 9, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 13 for Identification 75 Cr. 515
75 Cr. 1176

June 10, 1976

The document is clearly admissible as bearing on the defendant's state of mind at the time the events occurred. It constitutes clear circumstantial evidence of defendant's state of mind. Moreover, the resignation is clearly admissible as a verbal act, i.e., like words of contract.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

13 id

June 10, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS
SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 14 for Identification

75 Cr. 515
75 Cr. 1176

June 10, 1976

The date is relevant to the case because it appears that Shevlin first incriminated Naslas after October 3, 1975, the date when Mr. Naslas told Mr. Gordan of the incident with the envelopes. This is essential in the question of Shevlin, credibility. Also have right to bring out facts like these, just as prosecution brings out promises as part of their examination of witnesses.

There could only be foundation for such a contention if either Shevlin or Gordan testified that Shevlin was told about Naslas' October 3 statement. Shevlin has denied being told about it and Gordan has not been called.

This question is for the jury and, if the prosecution is not going to call Mr. Gordan, then we may well have to. Shevlin testified that Mr. Gordan always took notes. The first interview is dated October 7, 1975, and Shevlin's deal was made by memo dated October 7, 1975.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

14 id

June 10, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 15 for Identification

75 Cr. 515
75 Cr. 1176

June 14, 1976

Judge Pollack

Over the weekend and this morning I spoke with Mr. McKenzie of BP Tankers and Mr. McCormick, counsel to BP Tankers, London 920-8000. They each confirmed the truth of the attached stipulation. The prosecution refuses to sign the stipulation however. We offer it in any event.

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

15 id

June 14, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 15 for Identification

JUN 14 1976

UNITED DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

UNITED STATES OF AMERICA :

- V - :

JAMES D. HANLON, :
COSTAS NASLAS and
PAUL KATRITSIS, :

Defendants. :

----------x

STIPULATION

75 Cr. 515
75 Cr. 1176

IT IS HEREBY STIPULATED AND AGREED by and between the defendants COSTAS NASLAS, JAMES D. HANLON and PAUL KATRITSIS, by their attorney, Peter Fleming, Jr., Esq., and the United States of America, Robert B. Fiske, Jr., United States Attorney for the Southern District of New York, by Jeffrey I. Glekel, Assistant United States Attorney, that, if recalled as a witness, Mr. Gordon MacKenzie would testify as follows:

1. On December 14, 1971 I agreed, on behalf of BP Tankers Company Limited, as charterers, to extend from three years to five years the charters previously entered into by BP with respect to the vessels Ionic King and Ionic Queen.

2. Exhibits "A" and "B" annexed to this stipulation are authentic and genuine copies of the addenda extending such charters. I signed these addenda and stamped them with the appropriate BP stamps.

SO STIPULATED:

Dated: New York, N.Y.,
June 14, 1976

JEFFREY I. GLEKEL
Assistant United States Attorney

PETER FLEMING, JR.
Attorney for
Hanlon, Naslas, and Katritsis

1895a

Court's Exhibit 15 for Identification

LONDON, 14TH DECEMBER, 1971.

"IONIC KING"

TIME CHARTER PARTY DATED 27TH MAY, 1971.

ADDENDUM NO.2

It is this day agreed between TAW SHIPPING COMPANY LIMITED of Monrovia as Owners and BP TANKER COMPANY LIMITED of London as Charterers that notwithstanding Clauses 1 and 47 of the above-mentioned Time Charter Party the period of this Charter Party is hereby amended to a straight five years. Furthermore the rate of hire stipulated in Clause 12 is hereby reduced to £1.70 (pounds one point seven zero) British Sterling.

All other terms, conditions, exceptions and exemptions from liability contained in the above-mentioned Time Charter Party and Addendum No. 1 thereto are to remain unaltered.

BP TANKER COMPANY LIMITED

MANAGER
CHARTERING DEPT.

By Authority of
TAW SHIPPING COMPANY LIMITED

INTEROCEAN BROKERAGE LIMITED
As Agents only.

Court's Exhibit 15 for Identification

ORIGINAL.

[illegible]

[illegible]

[illegible]

[illegible]

IT IS THIS DAY AGREED between THE [illegible] COMPANY [illegible] of Monrovia, California and [illegible] of Boston, Massachusetts

THAT NOTWITHSTANDING ANY PROVISIONS OF CLAUSE 7 hereto, [illegible] declare their option to extend the period of the above Time Charter Party by a further one (1) year, making a total of five (5) years.

IN CONSIDERATION of the early declaration of the said five year period the [illegible] hire for the vessel to remain on charter for the said 5th year shall be [illegible].

ALL OTHER TERMS AND CONDITIONS, EXCEPTIONS AND LIBERTIES [illegible] LIABILITY [illegible] in the above mentioned Time Charter Party to remain unaltered.

DATED MONTREAL 1ST DECEMBER 1971.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

BEST COPY AVAILABLE

EXHIBIT
U. S. Dist. Court
S. D. of N. Y.
16
JUN 14 1976

Court's Exhibit 16 for Identification

I asked Naslas whether he had ever given any money to any bank officer. He looked sheepish and said, "I think I did". He then recounted that in December, 1971, Tidal Marine had given a Christmas party at which the service of a photographer had been obtained. The photographer took a great many pictures, too many, Naslas said, because the flashbulb was always going off. In any event, Naslas shortly after the party received a large quantity of prints from the photographer and set about distributing them to the persons in the pictures. There were photographs of Metzger and Shevlin, who had been at the party with their wife and girlfriedd, respectively. Naslas said there were about 5 pictures each of Metzger and Shevlin. He put the photographs into envelopes marked with the names of the recipients, and Ananatides told him not to send the pictures for Metzger and Shevlin since they would be coming to the Tidal offices that day. Metzger and Shevlin did so and met briefly with Ananatides. As they were leaving, Naslas gave them each the envelope with the photographs in it. After they left, Ananatides came to him laughing raucously and saying, "You won't have any more trouble with John Shevlin. You just gave him $10,000". Ananatides told him that Metzger's envelope had likewise contained $10,000. Naslas never had any conversation with Shevlin about the money thereafter, and Shevlin was just as obnoxious to him there-after as he had been before.

Court's Exhibit 17 for Identification 75 Cr. 515
75 Cr. 1176

June 14, 1976

John J. Shevlin

Re: Future, sentence recommendation.

We only agree to bringing matter to sentencing judge. We do not agree to take a position on sentence. If there is a change of policy, he can attempt to recuse any change in our refusal to recommend a sentence, which will be up to the administration then in charge.

No rep. re: sentence

Gratuities -

COURT EXHIBIT
U.S. Dist. Court
S.D. of N.Y.

17 id

June 14, 1976

(TRANSCRIBED FROM HANDWRITTEN OBJECTIONS
SUBMITTED TO THE COURT DURING TRIAL)

Court's Exhibit 18 for Identification

ENTERED
U.S. Dist. Court
E.D. of N.Y.

18 id

JUN 1 6 1977

I

DEFENDANTS' REQUESTED INSTRUCTION
BASED UPON PROSECUTOR'S CLOSING

In his rebuttal summation, Mr. Glekel argued that Mr. Naslas had never given his version of the photograph incident, Amantides, and Shevlin, until after hearing the prosecutor's evidence at this trial, including Shevlin's testimony.

Mr. Naslas contedds that this statement by Mr. Glekel is incorrect. Mr. Naslas contends that he first gave his version of this incident to the prosecutor's office on October 6, 1975, and that he did so before Shevlin had ever testified [illegible] trial or to the Prosecutor's office.

In support of his contention Mr. Naslas relies upon [illegible] dated October 6, 1975 which [illegible] Mr. Naslas' statement to Mr. Jordan on October 6, 1975, and [illegible] Naslas's notes of what [illegible] on October 6, 1975 at the time of [illegible] which were given Tuesday, October 7, 1975.

Court's Exhibit 18 for Identification

From these documents, which I rea.
yesterday, Mr. Naslas also contends that you ma.
Shevlin did not decide to cooperate with the prose.
until after Mr. Naslas had made his own statement to .
prosecutor on October 2, 1975. Mr. Naslas contends
therefore that the matter is the exact opposite of what
Mr. Glekel argued yesterday.

You are the sole judges of the facts and the inferences to be drawn therefrom.

Court's Exhibit 19 for Identification

EXHIBIT
U. S. Dist. Court
S. D. of N. Y.
19
JUN 15 1976

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- -X

UNITED STATES OF AMERICA :

- v - :

: 75 Cr. 515 (MP)
JAMES D. HANLON, : 75 Cr. 1176 (MP)
COSTAS NASLAS and :
PAUL KATRITSIS,

Defendants.

- -X

DEFENDANTS' REQUESTS TO CHARGE

CURTIS, MALLET-PREVOST, COLT & MOSLE
COUNSELLORS AT LAW
ONE HUNDRED WALL STREET
NEW YORK, N. Y. 10005
212 248 6111

Court's Exhibit 19 for Identification

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA	:	
- v -	:	
	:	75 Cr. 515 (MP)
JAMES D. HANLON,		75 Cr. 1176 (MP)
COSTAS NASLAS and	:	
PAUL KATRITSIS,		
	:	
Defendants.		
	:	

DEFENDANTS' REQUESTS TO CHARGE

The defendants respectfully request that the Court instruct the jury as follows:

Court's Exhibit 19 for Identification

REQUEST NO. 1

Presumption of Innocence

The defendants have entered pleas of not guilty to the charges in the indictment and thus the burden is on the prosecution to prove guilt beyond a reasonable doubt. This burden never shifts to a defendant for the law never imposes upon a defendant in a criminal case the burden or duty of calling any witnesses or producing any evidence.

The law presumes a defendant to be innocent of crime. Thus a defendant although accused begins the trial with no evidence against him and the law permits nothing but legal evidence presented before you as jurors to be considered in support of any charge against a defendant.

The presumption of innocence remains with the defendants throughout the trial and your deliberations until such time, if ever, that the jury is satisfied of guilt beyond a reasonable doubt. Thus the presumption of innocence alone is sufficient to acquit a defendant unless and until after careful and impartial consideration of all the evidence in the case you as jurors are unanimously convinced of a defendant's guilt beyond a reasonable doubt.

I told you when we first met, and I repeat, that a defendant in a criminal case does not have to prove his

innocence. He is -- and you have heard the expression -- presumed to be innocent. Though it is a familiar expression, it, too, is basic with us. He is presumed to be innocent, and that presumption stays with him throughout the case. It will remain with him when you go to deliberate in the jury room. That presumption is sufficient in itself to require that you acquit the defendant until or unless you are convinced beyond a reasonable doubt of his guilt.

Adopted from instructions of Judge Frankel is United States v. Carson and of Judge Tenney in United States v. Bronston.

Court's Exhibit 19 for Identification

REQUEST NO. 2

Reasonable Doubt

The question that naturally comes up is what is a reasonable doubt? The words almost define themselves. That there is a doubt formed in reason, and arising out of evidence in the case, or the lack of evidence. It is a doubt which a reasonable person has after carefully weighing all the evidence. It means a doubt that is substantial and not merely shadowy.

Reasonable doubt does not mean a positive certainty or beyond all possible doubt. If that were the rule, few men, however guilty they might be, would be convicted. It is practically impossible for a person to be absolutely and completely convinced of any controverted fact, which by its nature, is not susceptible of mathematical certainty.

In consequence, the law in a criminal case is that it is sufficient if the guilt of a defendant is established beyond a reasonable doubt, not beyond all possible doubt.

If after such a fair and impartial consideration of all the evidence you can candidly and honestly say that you are satisfied of the guilt of the defendant, that you do have an abiding conviction of a defendant's guilt which amounts to a moral certainty, such conviction as you would

be willing to act upon in important and weighty matters in the personal affairs of your own life, then you have no reasonable doubt and, in that circumstance, it is your duty to convict.

However, if after a fair and impartial consideration of all the evidence, you cannot candidly and honestly say that you are satisfied of the guilt of a defendant, and if you do not have an abiding conviction of guilt which amounts to a moral certainty, then you have a reasonable doubt and, in that circumstance, it is your duty to acquit.

Putting it more plainly, if you are confronted with an important decision, and after reviewing all the factors that are pertinent, you are beset by doubt and uncertainty and unsure of your judgment, then you have a reasonable doubt.

And, conversely, taking into account all the elements that pertain to the problem, you have no uncertainty and have no reservation about your judgment, then you have no reasonable doubt.

At the same time, asking you to keep in mind the several things I have said to try to make this concept real and vivid for you, let me say that I trust you will carry from these instructions a recognition that the burden of proof assumed by the government in a criminal case is a very

high one, and that you may not convict unless you find in the end that your minds are free of the kind of reservation and uncertainty I have undertaken to describe.

Adopted from the charges of Judge Weinfield in United States v. Kahaner and of Judge Frankel in United States v. Carson.

Court's Exhibit 19 for Identification

REQUEST NO. 3

Conspiracy

I want to define conspiracy for you.

In this case the indictment alleges the existence of five separate conspiracies or five unlawful agreements.

Count 36 charges that Amanatides, Hanlon and Scufalos knowingly agreed and conspired with each other to file false statements with the National Bank of North America in connection with a loan of $3,300,000 made on August 11, 1971 to Eltanin, Capella, Bellatrix, Canopus, Aldebaran and Acamar Navigation Corporations. The indictment alleges that this conspiracy commenced on or about January 1, 1971 and continued up to and including January 1, 1973.

Count 51 charges that Amanatides, Livas, Naslas, Katrisis, Blonsky and Hanlon knowingly agreed and conspired with each other to file false statements with the National Bank of North America in connection with a loan of $5,500,000 made to Aries Navigation Corp. and Pisces Navigation Corp. The indictment alleges that this conspiracy commenced on or about January 1, 1971 and continued up to and including January 1, 1973.

Court's Exhibit 19 for Identification

Count 62 charges that Amanatides, Blonsky and Naslas knowingly agreed and conspired with each other to file false statements with the National Bank of North America in connection with a loan of $4,266,000 made to the Spartan Pride Shipping Company. The indictment alleges that this conspiracy commenced on or about June 1, 1971 and continued up to and including January 1, 1973.

Count 65 charges that Amanatides, Livas, Blonsky, Naslas, Katrisis and Hanlon knowingly agreed and conspired with each other to file false statements with the National Bank of North America in connection with a loan of $4,500,000 made to Spartan Endeavor Shipping Co. Ltd. The indictment alleges that this conspiracy commenced on or about January 1, 1971 and continued up to and including January 1, 1973.

Count 67 charges that Amanatides, Livas and Hanlon knowingly agreed and conspired with each other to file false statements with the National Bank of North America in connection with a loan of $1,500,000 made to Southeast Tanker Company Limited. The indictment alleges that this conspiracy commenced on or about September 1, 1970 and continued up to and including January 1, 1973.

Count 1 of the information charges defendant Naslas and other persons named in that Count with conspiracy to violate Section 215 of Title 18 U.S. Code which prohibits

bank officials from receiving or agreeing to receive fees or gifts in connection with loans with which they are involved.

I now want to define for you the essential elements of a conspiracy and they are three. The three essential elements are required to be proved in order to establish the offense of conspiracy charged in the indictment or information.

Before you may find a defendant guilty of conspiracy, you must be satisfied beyond a reasonable doubt that the Government has established each of these three essential elements, and they are:

First, that at or about the time alleged in the Count of the indictment or information which you are considering an agreement existed between two or more of the alleged conspirators to commit at least one of the crimes described in that Count.

The second element which you must find beyond a reasonable doubt before you can find a defendant guilty of conspiracy is that the particular defendant you are considering, knowingly and willfully became a member of the conspiracy.

And the third element which you must find beyond a reasonable doubt before you can find a defendant guilty of conspiracy is that one of the conspirators knowingly committed

at least one of the overt acts set forth in the indictment or information at or about the time alleged.

Now, with respect to each of these elements, some further explanation is called for.

First, as to the existence of a conspiracy. Simply defined, a conspiracy is a combination of two or more persons by concerted action to accomplish some unlawful purpose.

Whether or not the persons charged in the indictment accomplished what it is alleged they conspired to do is immaterial to the question of guilt or innocence. Thus, the success or lack of success of the conspiracy does not matter for a conspiracy is a crime entirely separate and distinct from the substantive crime that may be the goal of a conspiracy.

Now, in determining the existence or non-existence of a conspiracy, it is not required that you find that each and every one of the alleged co-conspirators joined in the conspiracy. It is sufficient if you find beyond a reasonable doubt that two or more persons in any manner, through any contrivance, impliedly or tacitly, came to a common understanding to violate the law.

In determining whether there has been an unlawful agreement, you may consider acts and conduct which are done to carry out a criminal purpose.

Court's Exhibit 19 for Identification

A conspiracy may be established by disconnected acts on the part of the alleged individual conspirators, which acts you may find when taken together, in connection with each other and with the reasonable inferences flowing therefrom, show a conspiracy or agreement to secure a particular result, as satisfactorily and conclusively as more direct proof.

If upon consideration of all the evidence, direct and circumstantial, you find beyond a reasonable doubt that the minds of a least two of the alleged conspirators met in an understanding way and that they agreed to work together in furtherance of the unlawful scheme alleged in the indictment and that thereafter at least one of the co-conspirators did any overt act to effect the object of the conspiracy, then proof of the existence of a conspiracy is es ablished.

In connection with the first element, that is, the existence of an alleged conspiracy, some further comments may be helpful.

You will recall that I defined a conspiracy as a combination of two or more persons by concerted action to accomplish some unlawful purpose or to accomplish some lawful purpose by unlawful means.

Thus before you may find that a conspiracy existed, you must also find that what the conspirators intended to do would have violated one or more federal laws if they had succeeded in accomplishing what they set out to do.

In the same vein, if you find that a conspiracy existed, it is not required that the government prove that all the means alleged in the indictment to further it were in fact brought into play.

If you find that one or more of the means were used to achieve the objective, that would be sufficient.

Now, with respect to the existence of the conspiracy:

While it is not necessary for the government to prove that each of these conspiracies started and ended on the precise dates set forth in the indictment or information, the government must show for each of the conspiracies that a conspiracy was formed and that it existed for some substantial time within the period set forth for that conspiracy in the indictment or information as the case may be.

You must also find with respect to the particular conspiracy you are considering that during the time period set forth in the indictment or information as to that conspiracy, one of the conspirators did at least one overt act in furtherance of the unlawful agreement and with the intent of accomplishing an object of that conspiracy.

A conspiracy once formed continues for as long as the evidence shows the conspirators intended to continue it. Such intention may be inferred from such activities, if any, of the conspirators which you find to be in furtherance of the purposes of the conspiracy.

Now, the second element, which is participation in a conspiracy. If you find beyond a reasonable doubt that the conspiracy charged in the indictment or information existed, you must determine who its members were.

In determining whether a defendant became a member of the conspiracy, you must determine not only whether he participated in it but whether he did so with knowledge of its unlawful purpose.

Did he join with an awareness of at least some of the aims and purposes of the conspiracy?

This is a matter of inference from facts proved. It is not necessary that a defendant be fully informed as to the details of the scope of the conspiracy in order to justify an inference of knowledge. A defendant needn't know the full extent of the conspiracy and all of its activities in advance.

However, mere association with one or more of the conspirators doesn't make one a member of a conspiracy, nor is knowledge without participation sufficient.

What is necessary is that the defendant participated with knowledge of at least some of the purposes of the conspiracy and with the intent to aid in the accomplishment of those unlawful ends.

In determining whether a conspiracy existed, you should consider the acts and declarations of all of the alleged participants.

However, in determining whether a particular defendant was a member of the conspiracy, you may consider only his own acts and statements. He can't be bound by the acts or declarations of other alleged participants until and unless you are satisfied that a conspiracy existed and that the defendant you are then considering was one of the members.

In other words, your determination as to the participation in the conspiracy of each defendant must be based upon what you find to have been his own actions, his own conduct, his own statements or declaration, his connection with the acts and conduct of other alleged co-conspirators, and the reasonable inferences to be drawn therefrom.

You will recall that during the course of the trial some evidence was received "subject to connection."

Thus, testimony concerning acts or statements of one alleged co-conspirator done or said in the absence of other alleged co-conspirators, although received in evidence

without limitation against the alleged co-conspirator who did the act or made the statement or admission, was admitted into evidence as to the absent alleged co-conspirator on a conditional or tentative basis.

If you find that a conspiracy existed and if you also find that a particular defendant was one of its members, which you can only find is a member as to his own statements and acts, then the statements thereafter knowingly made and the acts thereafter knowingly done by any person likewise found to be a member of the conspiracy can be considered by you as evidence in the case as to any defendant found to be a member of the conspiracy, even though the statements and acts may have occurred in the absence and without the knowledge of that defendant, provided such statements and acts were knowingly made and done during the continuance of such conspiracy and in furtherance of some object or purpose of the conspiracy.

Thus, statements of any conspirator which are not in furtherance of the conspiracy or which are made before its existence or after its termination may be considered as evidence only against the person making them.

Now, if you find that the conspiracy existed and that a particular defendant knowingly participated in it, the extent of his participation has no bearing on the question of guilt or innocence.

The guilt of a conspirator is not measured by the extent or the duration of his participation. Even if he participated in it to a degree more limited than that of his co-conspirators, he is equally culpable as long as you have found him to be in fact a conspirator.

If one joins a conspiracy after its formation and engages in it to a more limited degree than other co-conspirators, he is equally culpable as long as you should find beyond a reasonable doubt that he was in fact a co-conspirator.

Now, I mentioned overt acts. I explained to you already the first [illegible]ction and now I want to describe to you overt acts.

If you find beyond a reasonable doubt that the alleged conspiracy existed and that the particular defendant was a member of the conspiracy, you must then consider the third element and that is the requirement of an overt act.

The overt acts referred to in the indictment and information are not separate charges, they are part of the conspiracy count and you may not find a defendant guilty unless and until you are convinced beyond a reasonable doubt that at least one of the overt acts charged in the indictment or information, as the case may be, was knowingly and willfully committed by at least one of the conspirators.

Court's Exhibit 19 for Identification

The offense of conspiracy is complete when the unlawful agreement is made and any overt act is done by a conspirator to -- in the language of the statute -- "effect the object of the conspiracy." Thus, an overt act is an act knowingly and willfully committed by one of the conspirators in an effort to effect or accomplish some object or purpose of the conspiracy.

The overt act need not be a criminal act or an act which, of itself, constitutes an objective of the conspiracy; but it must be of such character that it furthers, or promotes, or aids and assists in accomplishing a purpose of the conspiracy charged in the indictment.

It is not necessary for you to find that all of the alleged overt acts charged in the indictment or information were committed. Nor is it necessary that an overt act involve a particular defendant. It is enough if you find that at least one of the named overt acts charged in the Count of the indictment or information which you are considering was committed by a conspirator in furtherance of the conspiracy.

The government must also show that at least one overt act was committed in the Southern District of New York, and that includes all of Manhattan.

In defining the elements of a conspiracy, I have used the words "knowingly" and willfully".

A person acts "knowingly" if he acts voluntarily and intentionally, and not because of mistake or accident or other innocent reason.

The purpose of adding the word "knowingly" was to insure that no one would be convicted for an act done because of mistake, or accident, or other innocent reason.

A person acts "willfully" if he acts voluntarily and intentionally, and with the specific intent to do something the law forbids; that is to say, with bad purpose either to disobey or to disregard the laws.

Those are the three essential elements of a conspiracy; first, that a conspiracy existed as charged in the indictment or information; second, that the particular defendant knowingly and willfully joined the conspiracy; third, that one of the conspirators knowingly and willfully committed at least one of the overt acts set forth in the indictment or information as the case may be.

As I told you before, in order to find a defendant guilty of conspiracy, you must be satisfied that the government has established each of these elements by proof beyond a reasonable doubt.

Court's Exhibit 19 for Identification

If you decide beyond a reasonable doubt that a conspiracy as charged in the indictment or information existed between any of the alleged conspirators, you must then decide as to each defendant individually whether or not he joined the conspiracy with knowledge of any of its purposes.

In determining whether a defendant was a member of a conspiracy, you must apply the standards about which I have instructed.

Now, that concludes my charge to you with respect to the conspiracy count.

Court's Exhibit 19 for Identification

REQUEST NO. 4

False Statement to Bank - 18 U.S.C. 91014

Several counts of the indictment are brought under Title 18 of the United States Code, Section 1014.

Section 1014 reads, in relevant part:

> "Whoever knowingly makes any false statement or report or willfully overvalues any . . . security, for the purpose of influencing in any way the action of . . . any bank the deposits of which are insured by the Federal Deposit Insurance Corporation . . . upon any . . . loan . . . [shall be guilty of a crime]."

The defendants are charged with violating this statute, Title 18, United States Code, Section 1014, in the following counts: James D. Hanlon, counts 56-57, 66, 68, 75-76; Costas Naslas, counts 63, 66 and 76; and Paul Katritsis, counts 56-59 and 66. The statements which the Government claims are false are those set forth in the Counts of the indictment which I have just enumerated. You must, of course, consider each count and each defendant individually.

In order for you to convict any defendant on any one of these counts, you must find that the government has proven to your satisfaction beyond a reasonable doubt the eixstance of all five of the following elements.

1. That the defendants made or caused to be made, a false statement in connection with an application to

the bank for a loan or overvalued any security in connection with an application to the bank for a loan.

2. That the false statement or overvaluation was made knowingly and wilfully.

3. That the statement or valuation of security was made to a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation.

4. That the false statement or overvaluation was made for the purpose of influencing the bank's action on the loan application.

5. That the false statement made was material.

Adapted from Judge Metzner's charge in United States v. Rapoport, 74 Cr. 1141 (S.D.N.Y. 1975) p. 1070, Stenographers Trial Minutes; Judge Brieant's charge in United States v. Rapoport, 75 Cr. 1246 (S.D.N.Y. 1976) pp. 1166-1167, Stenographer's Trial Minutes.

Before you can convict a defendant on any one of these counts, you must find as to that Count and as to the particular defendant you are considering that the government has proven all five of these elements beyond a reasonable doubt. If you find as to a particular count and a particular defendant that you are then considering that the government has proven some but not all of these five elements, then you must acquit the defendant on that count and your verdict will be not guilty on that

count. You may only convict a defendant on any of these counts if the government has proven all five of the above elements against him beyond a reasonable doubt. You must find a defendant not guilty on all those counts where the government has failed to do so.

I am now going to discuss the five elements in greater detail.

In order to establish the first element as to any count which you are considering, the Government must prove beyond a reasonable doubt that the particular defendant you are considering made or caused to be made a false statement in connection with an application to the bank for a loan or overvalued or caused to be overvalued security in connection with an application to the bank for a loan. The Government need not prove both a false statement and an overvaluation of security. In any event, as a matter of definition an overvaluation of security for a loan would, of course, be a false statement as well.

I instruct you that a false statement means a statement that was untrue when made and was then known to be untrue by the person making it or causing it to be made.

In order to satisfy the second element you must be convinced beyond a reasonable doubt that the defendant you are considering knew the statement was false or knew

that the worth of the security was overvalued and nevertheless knowingly and wilfully made the false statement or caused the false statement to be made.

The words "knowingly" and "wilfully" mean deliberately, they mean intentionally. In other words, you must be convinced beyond a reasonable doubt that the defendant you are considering acted consciously and with knowledge of falsity.

An act is done knowingly if it is done voluntarily and purposely and not because of mistake, accident, negligence, carelessness, or some other innocent reason.

An act is done wilfully if it is done knowingly and deliberately and with the specific intent to do something the law forbids; that is to say, with bad purpose either to disobey or to disregard the laws.

The third element which you must consider is whether the bank to which the false statement was made, if one was made, was insured by the Federal Deposit Insurance Corporation. There doesn't appear to be any dispute as to this element, nevertheless you must still find it beyond a reasonable doubt.

In order to satisfy the fourth element you must be convinced beyond a reasonable doubt that the false

statement was made or caused to be made for the purpose of influencing the bank's action on a loan application. This element focuses on the intent of the defendant making or causing the false statement to be made. While the Government does not have to prove that the bank actually relied on the statement or valuation of security, you must be convinced beyond a reasonable doubt, that at the time the defendant made or caused the statements to be made he believed it was necessary to make the false statement in order to influence the bank's decision as to whether or not it would make the loan.

If you are not convinced beyond a reasonable doubt that the defendant held that belief then you must acquit the defendant for in that case the statement would not have been made for the purpose of influencing the bank's decision in making the loan.

The fifth element you must consider is whether the false statements were material. If you find beyond a reasonable doubt that the statement in the count you are considering is false as to a material fact, then this fifth element is satisfied. If, however, you find that the statement was not false as to a material fact, this element would not be satisfied and you must return a verdict of not guilty on the count you are then considering.

Court's Exhibit 19 for Identification

Now, a fact is material, if, and only if, the concealment of the truth with respect to that fact had a natural tendency to influence the bank with respect to assuming an obligation to lend money.

I have reviewed all these five elements, and only if the government has proven each of these five elements beyond a reasonable doubt will you convict a defendant on the count you are then considering. I remind you again that you must consider each count and each defendant separately. That is, before you can convict a defendant on any one of these counts you must find the existence of the five elements beyond a reasonable doubt as to that particular defendant and as to the particular count you are considering; and if you do not, it is your duty to acquit as to that count.

Adapted from Judge Brieant's charge in United States v. Rapoport, 75 Cr. 1246 (S.D.N.Y. 1976) 1166-11791 Stenographer's Trial Minutes.

Court's Exhibit 19 for Identification

REQUEST NO. 5

Knowledge of Actual Falsity of the Statements Referred to in Counts 56-59, 63, 66, 68, 75 and 76

The indictment charges defendant Hanlon in Counts 56, 57, 66, 68, 75 and 76, defendant Katrisis in Counts 56, 57, 58, 59 and 66 and defendant Naslas in Counts 63 and 76 with making false statements on documents which were submitted to the Bank. As I have told you, it is an essential element of these offenses that the defendant must have known that the statements referred to in these Counts were false at the time the statements were made. Therefore, unless you are convinced on all the evidence beyond a reasonable doubt that the defendant you are considering actually knew that the statements he made were false, you must acquit him of the crimes charged in these Counts. The knowledge of falsity which must be found to establish the offenses charged in these Counts is not established by a showing that the defendant has been negligent. Mere negligence or the failure to exercise the type of due care which, for example, Mr. Hanlon was required as an attorney to exercise does not establish the knowledge required by these Counts. Therefore, if you find that

Mr. Hanlon, or Mr. Katrisis or Mr. Naslas although acting in good faith, was negligent, or even grossly negligent, you must acquit him on those Counts. Good faith is a total and complete defense to the crime of wilfully making a false statement.

Court's Exhibit 19 for Identification

REQUEST NO. 6

Inferring Knowledge of Falsity

In deciding the question of whether a defendant had actual knowledge of falsity, you may consider as a factor the circumstance that the defendant was aware of a high probability that the statements made were false, ficticious or fraudulent. You may also consider whether the defendant acted with reckless disregard of whether the statements made were false and with a conscious purpose of avoiding the truth. If you find that such was the case, you may infer from those circumstances that the defendant had the knowledge which the offenses charged require and you may convict him of the offenses charged in the Counts I have just enumerated unless you find from all the evidence that the defendant actually believed the statements made were true. In short, a defendant may not be convicted on the Counts charging false statements if he actually believed the statements referred to in these counts were true, no matter how recklessly he may have acted. The fact that that belief was unreasonable or even foolish, is of no consequence if you find that it was held in good faith.

Court's Exhibit 19 for Identification

REQUEST NO. 7

Similar Acts

The Government has introduced evidence of acts and transactions by the defendants not charged in the indictment or information. I want to call your attention very carefully to the fact that the defendants are not charged with any wrongdoing with respect to those transactions. You may not consider those transactions themselves as evidence or proof of wrongdoing on the counts charged in this indictment and this information.

However, you may consider the testimony as to these other transactions as evidence of what are claimed to be so called similar acts, and you may consider it solely in your deliberation on the issue as to whether the defendants acted knowingly and wilfully -- that it to say, with guilty knowledge and intent -- with respect to the counts charged in this indictment.

It is for this limited purpose only that this evidence has been introduced. I want to make it clear that this evidence of so-called similar acts does not establish knowledge or intent, it is only some evidence which you may consider along with the other evidence on this issue.

If after weighing all the evidence, you are not satisfied beyond a reasonable doubt that a defendant acted knowingly and wilfully on the count that you are then considering, then you should acquit him on that count without regard to any other count or any other factual circumstances which may have been disclosed by the trial record.

Adapted form Judge Breiant's charge in United States v. Rapoport, 75 Cr. 1246 (S.D.N.Y. 1976) Stenographer's Trial Minutes pp. 1175-1177.

Court's Exhibit 19 for Identification

REQUEST NO. 8

Credibility of Witnesses

Preliminarily, your are to understand that you should not be influenced in any way by the mere number of witnesses called by either side. The weight of the evidence is not necessarily determined by the number of witnesses testifying on either side. Rather, you should consider all the facts and circumstances in evidence to determine where the truth lies.

In accessing credibility, you should carefully scrutinize the testimony given, the circumstances under which each witness testified and every matter in evidence which tends to indicate whether the witness is worthy of belief.

The degree of credibility to be given a witness should be determined by his demeanor, his relationship to the controversy and the parties, his bias or impartiality, the reasonableness of his statements, the strength or weakness of his recollection, viewed in the light of all other testimony and the attendant circumstances in the case and the extent to which, if at all, each witness is either supported or contradicted by other evidence.

Court's Exhibit 19 for Identification

How did the witness impress you? Did his version appear straight-forward and candid? Or did he or she try to hide some of the facts? Is there a motive to testify falsely?

In passing upon the credibility of a witness, you may take into account inconsistencies or contradicitons as to material matters in his or her testimony or any conflict with that of another witness.

Also, any inconsistencies or omissions in any prior testimony or any prior statement of material matters as to which he or she may have testified upon the trial.

Inconsistencies or discrepancies in the testimony of a witness or between the testimony of different witnesses may or may not cause a jury to discredit such testimony. Two or more persons witnessing an incident or a transaction may see or hear it differently.

An innocent misrecollection, like failure of recollection, is not an uncommon experience. A witness may be inaccurate or contradictory in some respects and yet you may still find that his testimony on the whole was credible.

In weighing the effect of a discrepancy, consider whether it pertains to a matter of importance or an

unimportant detail and whether the discrepancy results from innocent error or wilful falsehood.

I you find that any witness has testified falsely, you can do one of two things. You can either reject all of that witness' testimony on the ground that it's all tainted by falsehood and that none of it is worthy of belief, or you can accept that part which you believe to be credible and reject only that part which you believe to be tainted by falsehood.

Any testimony rejected by you as false is not in the case insofar as any finding that you may make is concerned.

In passing upon credibility, the ultimate question for you to decide is, did the witnesses tell the truth here before you? It is for you to say whether their testimony at this trial is truthful in whole or in part in the light of their demeanor, their explanations and all the evidence in the case.

In assessing the credibility of a witness, you may or may not consider evidence that the witness has in the past been convicted of certain crimes in determining that witness' credibility.

While prior convictions may be a factor affecting credibility, it by no means follows that the witness is for that reason necessarily untruthful. Prior convictions are one of a number of factors which may be considered by you when you determine a person's credibility.

Always the ultimate question is, did the witness testify truthfully before you?

Adapted from Judge Gagliardi's charge in United States v. Mitchell.

Court's Exhibit 19 for Identification

REQUEST NO. 9

Accomplice Testimony

In connection with the question of credibility, I want to bring to your attention one of the rules of this court which relates to the testimony of an accomplice.

An accomplice is one who unites with another person in the commission of a crime, voluntarily and with common intent.

During the course of the trial John Shevlin, Markella Delfos, and Mark Scufalos testified before you. Shevlin, Delfos, and Scufalos, although not named as defendants, are alleged to have been co-conspirators. Thus, the Government has charged that each of these individuals was an accomplice.

Under federal law there is no requirement that the testimony of an accomplice be corroborated. A conviction may rest on the uncorroborated testimony of an accomplice if you believe it and find it credible.

However, the testimony of an accomplice should be viewed with great caution and scrutinized carefully. In accessing the credibility of an accomplice, as with that of any witness, you may consider any interest that he or she

may have in the outcome of the case. You may consider evidence as to any benefit the witness expects to derive or has derived from his testimony or evidence as to a motive to place responsibility on others.

If you find that the testimony of an alleged accomplice was deliberately untruthful, you should unhesitatingly reject it.

On the other hand, if upon a cautious and careful examination you are satisfied that such witnesses have here given a substantially truthful version of events to which they testified, such testimony should be given appropriate consideration together with all other evidence in the case in determining the guilt or innocence of the defendants.

Again, as always, the ultimate question in passing upon the credibility of witnesses is, after taking into account all factors that may affect their testimony, did they or didn't they testify truthfully before you as to events to which they testified.

You will recall that during the course of the trial many of the prosecution's witnesses admitted lying under oath.

Now, the testimony of an admitted perjurer should be considered with caution and weighed with great care.

Court's Exhibit 19 for Identification

You may decide, for example, that an admitted liar is unvelievable or, conversely, you may accept his testimony. The question, again as always is, did the witness testify truthfully before you, and the question of credibility is for you and you alone to decide.

Court's Exhibit 19 for Identification

REQUEST NO. 10

Credibility of Prosecution Witnesses - Immunity

Some of the prosecution witnesses in this case have been accused by the United States Attorney of having violated various federal statutes. The prosecution itself has accused these witnesses of participating in criminal activity. But each has been given immunity from prosecution in return for their testimony.

You may find that witnesses in such a position may be motivated to place the blame on someone other than themselves. Accordingly, their testimony should be closely examined, weighed with care, checked with the facts which you find to exist in this case, and against the other evidence. Then -- and only then -- should you give this testimony such value or weight as you deem correct under the circumstances.

United States v. Projansky, Trial Transcript 9403; United States v. De Larosa, 450 F.2d 1057 (3d Cir. 1971), cert. denied, 405 U.S. 957 and 927 (1972); United States v. Fawcett, 115 F.2d 764 (3d Cir. 1940).

Court's Exhibit 19 for Identification

REQUEST NO. 11

Credibility
Defendant's Testimony

I told you at the outset that the law does not require a defendant in a criminal case to testify or present any evidence in his own behalf. When, as here, a defendant does testify, it is your function as jurors to assess his credibility in the same manner as you assess the credibility of any other witness. You will recall, I instructed you that one factor to be considered in judging credibility was any interest a witness may have in the outcome of the trial. Obviously, every defendant has a personal interest in the outcome of the case.

In appraising his credibility you may take the fact of interest into consideration. However, it by no means follows that simply because a person has a substantial interest in the result he is not capable of telling a straightforward or truthful story. It is for you to decide to what extent, if at all, his interest has affected his testimony.

Court's Exhibit 19 for Identification

REQUEST NO. 12

Character Evidence

There was testimony here of the good character and reputation of the defendants. You should consider such character evidence together with all the other facts and evidence in determining each defendant's guilt or innocence. Evidence of good character may create a reasonable doubt where without such evidence no reasonable doubt would have existed. But your determination of whether the Government has carried its burden of proving beyond a reasonable doubt the offenses charged should be based on all of the evidence in the case.

The fact that a man has an absolutely blameless reputation and has lived a life otherwise above reproach is, of course, only one factor that you should consider in determining his guilt or innocence.

Adapted from Judge Connor's charge in United States v. Chu, 76 Cr. 439 (S.D.N.Y. 1976) Stenographer's Trial Minutes p. 1350.

Court's Exhibit 19 for Identification

Dated: New York, New York
June 8, 1976

Respectfully submitted,

CURTIS, MALLET-PREVOST,
COLT & MOSLE
Attorneys for Defendants
100 Wall Street
New York, New York 10005
(212) 248-8111

Court's Exhibit 20 for Identification

EXHIBIT
U. S. Dist. Court
S. D. of N. Y.

20

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- X

UNITED STATES OF AMERICA :

- v - : 75 Cr. 515 (MP)
75 Cr.1176 (MP)

JAMES D. HARLON, :
COSTAS NASLAS and
PAUL KATR[illegible]S, :

Defendants. :

- X

DEFENDANTS' OBJECTIONS TO
GOVERNMENT'S REQUESTS TO CHARGE

Court's Exhibit 20 for Identification

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- -X

UNITED STATES OF AMERICA	:	
	:	
- v -	:	75 Cr. 515 (MP) 75 Cr. 1176 (MP)
JAMES D. HANLON, COSTAS NASLAS and PAUL KATRITSIS,	:	
Defendants.	:	

- -X

DEFENDANTS' OBJECTIONS TO
GOVERNMENT'S REQUESTS TO CHARGE

Court's Exhibit 20 for Identification

The defendants respectively object to the following portions of the Governments Requests to Charge.

REQUEST NO. 3

The first sentence of the second paragraph - not relevant and the statute speaks for itself.

The words "wilfull, intentional and knowingly" should be inserted in the third paragraph after the words "the essence of the crime is the. . . ."

REQUEST NO. 4

P.2 - the last two paragraphs in their entirety - repetitious.

REQUEST NO. 5

P.2 - the last sentence of the first paragraph in its entirety - unnecessary and prejudicial.

P.3 - the next to the last sentence of the first paragraph - would constitute judicial testimony.

P.9 - the last sentence of the second paragraph in its entirety - would constitute judicial testimony.

P.11 - the last sentence of the first full paragraph on that page in its entirety - would constitute judicial testimony.

REQUEST NO. 8

P.2 - the entire page - repetitious and prejudicial.

REQUEST NO. 9

The word "violating" in the first sentence should be deleted - Naslas is only charged as an aider and abettor.

REQUEST NO. 10

The second paragraph on the first page - the words "that, at or about the time of the offense charged in the count you are considering occurred. . . ." should read "that, at or about the time set forth in the count you are considering" - prejudicial as it assumes an offense occurred.

The Government must elect on this count between Metzger and Shelvin.

The last paragraph on the first page - the words "did so" should be deleted and replaced with the word "acted". As it reads now it is extremely vague.

P.2 - the following should be deleted from the second paragraph: "the receipt of commissions or gifts in connection with or for procuring or endeavoring to procure loans is prohibited to officers of federally insured banks. It is improper. It is a breach of trust." The portion objected to is unnecessary and the statute is self-explanatory.

P.3-4 - the last two paragraphs on that page and going on to page 4 in their entirety - the first of those two two paragraphs is objectied to because of its phrasing and the second is objected to on the grounds of its unnecessary prejudicial nature.

REQUEST NO. 11

P.2 - the last sentence of the first paragraph - prejudicial.

REQUEST NO. 13

P.2 - the sentence "James Hanlon was Tidal Marine's attorney in connection with the purchase and financing of the vessell" of the last paragraph on that page should be deleted. It is prejudicial inasmuch as its juxta position implies judicial agreement with the charge.

P.5 - the full paragraph on that page is objected to in its entirety. It is not the law and it is prejudicial.

REQUEST NO. 14

The last sentence of the second paragraph is objected to in its entirety - it is prejudicial and as worded is vague and confusing primarily because of the term "substantially."

REQUEST NO. 15

The Government must elect between Title 18 Section 2(a) and 2(b).

REQUEST NO. 17

The second paragraph should read as follows: "Thus, ... various representations alleged to have been made were true and that. . . .". As it reads now the paragraph constitutes judicial testimony.

REQUEST NO. 20

The word "relief" in the second paragraph should read "relied".

REQUEST NO. 21

P.4 - the last sentence of the first full paragraph on that page is objected to in its entirety as it is unnecessarily prejudicial.

P.5 - the second sentence of the first paragraph should read: "Hereto, the Government contends, the purpose of the conspiracy. . . ." As it reads now, it constitutes judicial testimony.

The last sentence of the second paragraph should also be amended to reflect that this is a Government contention.

P.6 - the same objection to the second sentence of the second paragraph on that page.

REQUEST NO. 22

P.2 - the last sentence of the first paragraph and the second paragraph on page 2 is objected to in their entirety as they constitute judicial testimony.

P.3 - the first paragraph on p.3 in its entirety - unnecessary and prejudicial inasmuch as it is not required for proof of conspiracy.

The last two sentences on page 3 are objected to because they are unnecessary and prejudicial and constitute judicial testimony.

REQUEST NO. 23

The word "all" in the first paragraph should be deleted.

REQUEST NO. 26

The following should be added to the last paragraph of this Request after the words ". . . . participated in any particular overt act specified in such count. . . ." - so long as the overt act was in fact performed to further the conspiracy.

REQUEST NO. 29

The Government must elect between Section 2(a) and 2(b).

P.2 - the first paragraph is objected to on the grounds that it is confusing and vague.

The second paragraph is objected to as it is prejudicial and confusing and for the most part is redundant.

REQUEST No. 30

The first three paragraphs are objected to in their entirety as they constitute judicial testimony.

P.2 - the words may be should be inserted in place of the words "are usually" in the first paragraph on that page.

P.3 - the second paragraph is objected to as it is confusing and prejudicial.

P.4 - the third paragraph is objected to as being vague and contains an improper statement of what inferences may be drawn from the mere signing of documents.

REQUEST NO. 32

The second and third paragraphs are objected to as they constitute judicial testimony.

REQUEST NO. 33

As phrased, the Request would result in judicial testimony. The jury should be instructed that they "may find" the various points raised in that Request.

REQUEST NO. 34

The last paragraph on p.1 and the paragraph on p.2 are objected to as being prejudicial.

REQUEST NO. 35

This Request is objected to in its entirety. The court should not instruct the jury on defendant's admissions. Whether or not statements are to be considered as admissions by the jury should be for the jury to decide.

The defendants emphasize the following three points:

1. Where applicable, the Government must elect between § 2(a) and 2(b);

2. On the payment counts the Government must elect between Metzger and Shelvin; and

3. On the Information the Government must elect because of the Wharton Rule between the conspiracy count and the substantive counts.

Dated: New York, New York
June 8, 1976

Respectfully submitted,

CURTIS, MALLET-PREVOST,
COLT & MOSLE
Attorneys for Defendants
100 Wall Street
New York, New York 10005
(212) 248-8111

1952a

Court's Exhibit 25 for Identification

United States Department of Justice

ADDRESS REPLY TO THE UNITED STATES ATTORNEY AND REFER TO INITIALS AND NUMBER

JG:rs

UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF NEW YORK
ONE ST. ANDREW'S PLAZA
NEW YORK, NEW YORK 10007

June 22, 1976

Court Exhibit
25
Milton Pollack
USDJ
July 1, 1976

Honorable Milton Pollack
United States District Judge
Room 2102
United States Court House
Foley Square
New York, New York 10007

Re: United States v. Hanlon
75 Cr. 575 (MP)

Dear Judge Pollack:

I enclose a list of the Jencks Act materials turned over to the defense in connection with the trial of the above-captioned case and respectfully request that it be marked as a Court Exhibit for identification.

Very truly yours,

ROBERT B. FISKE, JR.
United States Attorney

By: _____
JEFFREY I. GOLDEL
Assistant United States Attorney
Tel. (212) 791-1955

Enclosure

cc: Peter Fleming, Jr.
Curtis, Mallet-Prevost, Colt & Mosle
100 Wall Street
New York, New York 10005

BEST COPY AVAILABLE

USA 33s - 475
(ED. 4-23-71)

DEFENDANT'S

EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.

J id

JUN 7 1976

1153a

Defendants' Exhibit J for Identification

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/27/73

JOHN R. SHERMAN, Attorney, Shenowan and Bissell, 19 Rector Street, New York, New York, volunterily appeared at the office of Assistant United States Attorney (AUSA) JOHN D. CORDWI, III, Southern District of New York (SDNY) to furnish information pertaining to his involvement with Tidal Marine International Corporation (TMI). SHERMAN was advised of his rights as set forth in the standard "Advice of Rights" Form, which he read, stated he understood, and signed the form. SHERMAN furnished the following information:

He stated that while employed as an attorney with Zock, Petrie, Reid, Curtin and Symnes, 19 Rector Street, New York, New York, he represented TMI at approximately three or four ship loan closings in the absence of fellow attorney JAMES HANLON. He stated that one of the closing was at the offices of Strasser, Spoilberg, Fried and Frank, 120 Broadway, New York, New York, and he attended a couple of closing at the offices of Cole and Deitz. He stated that he also attended a closing at the Liberian Council.

He stated that he signed some of the documents at these closing as Attorney-In-Fact in HANLON's absence, but he did not prepare the documents. He stated that HANLON handled the TMI account and prepared most of the documents.

SHERMAN stated that Southeast Tankers Corporation was a panamanian corporation set up by either HANLON or himself. He stated that Southeast Tankers is doing business out of an office in Maracibo, Venezuela. He stated that Southeast Tankers was formed in approximately 1970.

Interviewed on 9/13/73 at New York, New York File # NY 29-10072

by SA ROBERT G. HOUDEK:mep Date dictated 9/20/73

16

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

NY 29-10072
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He stated that Captain HORATIO HUERTA, a friend and client whom he has known for about 15 years contacted him and advised him that he, (HUERTA) had obtained a time charter from Shell International in Venezuela. HUERTA advised that Shell had offered him a charter if he could get a vessel. SHENEMAN stated that there was nothing in writing at this time. SHENEMAN stated that he advised JAMES HANLON that HUERTA was looking for a ship and HANLON apparently advised HARRY AMANATIDES. He stated that AMANATIDES could not find a ship to fulfill the charter. He stated that later a ship was found in either Norway or Sweden and was renamed the "Aquario".

SHENEMAN stated that HANLON had told him that the boat had been found and asked him (SHENEMAN) to put up $57,500.00 for 20 per cent of the venture. He stated that HUERTA was to get 10 per cent for finding the charter and HANLON was to put up $57,500.00 to get 20 per cent of the venture. SHENEMAN advised that he assumed that it was either AMANATIDES or LIVAS deal and was to get the other 50 per cent. SHENEMAN stated that he never found out for sure who got the other 50 per cent. He stated that HUERTA was to operate the vessel.

SHENEMAN stated that he gave HANLON a check for $57,500.00 in the name of West Shore Tankers and it was put into the account of Southeast Tankers, who was buying the ship. He stated that the money was probably transferred to London. He stated that the purchase of the ship was conducted in London.

NY 29-10072
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copy

SHENEMAN stated that the purchase price of the ship was $800,000.00 and a mortgage commitment was with First National Bank of Boston-London, for about $800,000.00. He stated that the charter was not signed at this time. He stated that the charter was signed later by a Captain NORTH of Shell International in Venezuela. He stated that HUERTA signed as the Attorney-In-Fact. SHENEMAN stated that he and HANLON was present at this signing in Venezuela. SHENEMAN stated that he does not know the terms of the charter. He stated that there may have been a charter signed prior to the finding of the "Aquario".

SHENEMAN stated that HANLON advised him that he, (HANLON) had put up $57,500.00 and SHENEMAN stated that he believed him. SHENEMAN stated that HANLON had the stock book but he never received his shares.

SHENEMAN stated that HUERTA operated the "Aquario" and never came to him for money. He stated he does not know who HUERTA went to for money to operate the vessel. SHENEMAN stated that after his visit to Venezuela for the signing of the charter he had no more dealings with Southeast Tankers.

SHENEMAN stated that in December, 1971, he received a telephone call from HUERTA who asked him if he was aware that the "Aquario" had been sold. He stated that HANLON advised him that he did not know that the "Aquario" had been sold.

SHENEMAN stated that in early 1973, HUERTA called and advised that the "Aquario" had been re-mortgaged at the National Bank of North America (NBNA). HUERTA advised that Shell received an inquiry from the NBNA as to the charter on the "Aquario". Shell advised that the charter has to be a forgery and they did not want to give the NBNA a copy of the charter. SHENEMAN stated that HUERTA advised that there must have been a diffence between the information furnished by the NBNA regarding the charter and the charter in possession of Shell International. SHENEMAN stated that HUERTA advised that there must have been a differnce in the charter rate, time and maybe the option.

Defendants' Exhibit J for Identification

NY 29-10072
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SHENEMAN stated that he was advised that the "Aquario" was sold at a marshal sale for approximately $800,000.00. He stated that HANLON advised him that he knew nothing about the phony charter. He stated that in March, 1973, HANLON talked to ANANATIDES and ANANATIDES advised him that he would see to it that HANLON and SHENEMAN would get back there $57,500.00. SHENEMAN stated that he has not received his $57,500.00.

SHENEMAN stated that prior to the purchase of the "Aquario", in approximately 1969 or 1970, he received a call from HUERTA who advised him that there were people dealing in oil in Venezuela that had a vessel he thinks they would sell for $1,500,000.00. He stated that he was advised that the people did not want to be in the oil and shipping business at the same time. He stated that HUERTA advised him that the vessel was worth approximately $5,000,000.00.

SHENEMAN stated that he made an offer in the name of a company to be formed, of $1,500,000.00. He stated that the company was later formed as, West Shore Tankers. He stated that he sent the offer of $1,500,000.00 to a broker in Venezuela by telex. He stated that the bidding went to $3,500,000.00 and was accepted in the name of West Shore Tankers. He stated that he does not remember who the seller was. He stated that the name of the vessel was the "Petralasa".

He stated that there agreement was that 72 hours after the inspection of the vessel, the purchaser has to pay a down payment. He stated that he wanted to sell this vessel as soon as possible.

NY 29-10072
5

SHENEHAN stated that HANLON advised him that maybe he could sell the vessel in London. He stated that HANLON went to London and sold the vessel for $4,250,000.00. He stated that he does not know who HANLON sold the vessel too.

SHENEHAN stated that the vessel was put in dry dock and the buyer had an engineer inspect the vessel and it was accepted. He stated that the closing was in December, 1970 in Carcauses, Venezuela. SHENEHAN stated that CHRISTY HANGES was at the closing representing the purchaser.

SHENEHAN stated that he signed the Agreement of Purchase and then signed the Assignment of Rights over to the buyer. He stated that his purchase and sale of the vessel was handled at one closing.

He stated that a $750,000.00 profit was made on the deal of which $100,000.00 went to HUERTA, $325,000.00 went to HANLON and he received $325,000.00. He stated that the $325,000.00 that went to HANLON was put in a HANLON company account named Kowloon, at Irving Trust Company, London, England. He stated that his $325,000.00 went into the West Shore Tankers account at Irving Trust Company, London, England.

SHENEHAN stated that he has met HARRY ANANATIDES approximately 10 times and ION LIVAS a couple of times. He stated that he had lunch with LIVAS on one occasion and with ANANATIDES on five or six occasions. He stated that he knew COSTAS NASLAS from his bringing documents to SHENEHAN's law firm. He stated that he went to THI's office on one occasion but it was not on business. He stated that he does not know ELIAS PAPAGEORGIOU, ARIO or PAUL KATRITSIS. He stated that he met MICHAEL BLONSKY once or twice and that he was the charter man for THI in London, England.

USA 33s - 175
(ED. 4-73-71)

PLAINTIFF'S
EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.
T id
JUN 10 1976

1958a
Defendants' Exhibit T for Identification

COSTAS NASLAS
31 WHITTIER DRIVE
SEARINGTOWN, N. Y. 11507

January 5, 1972

Mr. Harry Arantides, President
Tidal Marine International Corp.
30 Pine Street
New York, N.Y. 10005

Dear Harry,

As I already tried to explain to you during our several recent conversations, with Stanley Farber, Chris Hanges, Sol Halpern and Joel Jacobs gone, I have very serious fears that it will be humanly impossible for any one person to cover properly all areas of activity in New York. More so, it will be entirely impossible for me to cover effectively any area which Stan , Sol and Joel were covering. First of all I do not have the knowledge, experience or background to be able to offer any substantial contribution in the areas of direct financing, accounting, research, reporting and/or proper compliance to any of the many governmental or other agencies. Second and equally important, as you know I do not have the time to do anything more than what I am doing right now, which consumes every hour of a very long working day and actually requires most part of every single saturday, sunday and holiday. If I were to undertake any additional responsibilities it would mean, no doubt, physical exhaustion, which is already begining to be a problem, plus it would mean sure dangerously poor performance in all areas including the field of marine operations which, with all the assistance from abroad, right now requires every minute of my time.

Therefore I strongly recommend that immediate decision is reached for effective replacement of the resigned officers, possibly by fewer but competent experts in the various fields. Such appointments should take place immediately and you or someone else from the Board should devote the required time to interview, collect, hire and direct these people in order for them to be

able to go to actual work right away.

As far as I am concerned, after having contributed all I could have in the only area where I meaningly can contribute, the area of marine operations, and clearly seeing now that Ion Livas coming on the Board will directly affect my work in that area, *[I wish to offer my resignation] so that the Company can eventually replace me with someone with perhaps greater experience and also ability and willingness to work with Ion Livas in particular whom, as you know I find extremely capable but equally difficult if not impossible to work with , smoothly and productively.

This solution although painfull , is the only practical and positive answer at this moment when still a lot of work is absolutely necessary for Tidal to continue to grow successfully.

No doubt you are well aware of my personal feelings towards yourself and the Company and I am sure you will understand and help reach the needed decision at the earliest.

With best personal regards

Sincerely yours

Carlos Nunez

* Bracketed material admitted in evidence.

1960a

Defendants' Exhibit U

TIDAL MARINE INTERNATIONAL CORP.

80 PINE STREET, NEW YORK, N. Y. 10005
TELEPHONE: (212) 943-8145

January 10, 1972

Mr. Costas Naslas
31 Whittier Drive
Searingtown, New York

Dear Costas,

I acknowledge receipt of your personal letter to me of January 6, 1972 indicating your irrevocable intention to resign from Tidal Marine and its affiliated companies.

I fully appreciate your position, but quite frankly I am not certain that Tidal Marine will ever find a person, or more accurately, persons who will devote themselves to the tasks that need doing as you have done.

I note your willingness to continue on with Tidal Marine until such time as replacement persons have been employed. Indeed, that will be difficult, if not impossible, but in any event I would hope you would continue with Tidal Marine for at least six months the next from this date.

I am most deeply conscious and appreciative of the contribution that you personally have made to this company and its growth, and it is with great unhappiness that I acknowledge that you are doing what you believe to be unquestionably necessary.

Sincerely yours,

Harry Amanatides

USA 33s - 475
(ED. 4-23-71)

EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.

JUN 10 1976

USA 33s - 475
(ED. 4-23-71)
DEFENDANT'S
EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.
Z
JUN 10 1976

1961a

Defendant's Exhibit Z

N O T E

$96,780.28

New York, New York
April 11, 1972

FOR VALUE RECEIVED

TIDAL MARINE INTERNATIONAL CORP., a corporation, having an office at 80 Pine Street, New York, New York

promises to pay on demand to

COSTAS NASLAS
31 Whittier Drive
Searington, New York

or order at the office of Chemical Bank, 67 Broad Street New York, New York, or at such other place as may be designated in writing by the holder of this Note,

the principal sum of NINETY SIX THOUSAND SEVEN HUNDRED EIGHTY and 28/100 ($96,780.28) DOLLARS

Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived.

In the event of any default in the payment of principal, then interest from the date of default until the date of full payment shall be computed at the rate of 2% per month on unpaid balances of principal, until such time as the entire principal indebtedness has been paid.

This note may not be changed or terminated orally.

TIDAL MARINE INTERNATIONAL CORP.

By _____
Harry Amanatides, President

Defendants' Exhibit Z

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 11th day of April before me personally came Harry Amanatides to me known, who, being by me duly sworn, did depose and say that he resides at 155 West 20th Street, New York, New York

that he is the President of Tidal Marine International Corp., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

George L. Axiotakis

Notary Public

GEORGE L. AXIOTAKIS
Notary Public, State of New York
No. 41-5132800 Qual. in Queens Co.
Certificate filed in New York County
Commission Expires March 30, 1974

Defendants' Exhibit Z

N O T E

$243,611.79

New York, New York
April 13, 1972

FOR VALUE RECEIVED

TIDAL MARINE INTERNATIONAL CORP., a Delaware corporation, having an office at 80 Pine Street, New York, New York

promises to pay on demand to

COSTAS NASLAS of 31 Whittier Drive, Searington, New York

or order at the office of CHEMICAL BANK, 67 Broad Street, New York, New York, or at such other place as may be designated in writing by the holder of this Note,

the principal sum of TWO HUNDRED FORTY THREE THOUSAND SIX HUNDRED ELEVEN and 79/100 ($243,611.79) DOLLARS.

Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived.

In the event of any default in the payment of principal, then interest from the date of default until the date of full payment shall be computed at the rate of 2% per month on unpaid balances of principal, until such time as the entire principal indebtedness has been paid.

This Note may not be changed or terminated orally.

TIDAL MARINE INTERNATIONAL CORP.

By _____
Harry Amanatides, President

Defendants' Exhibit Z

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 13th day of April before me personally came Harry Amanatides to me known, who, being by me duly sworn, did depose and say that he resides at 155 West 20th Street, New York, New York

that he is the President of Tidal Marine International Corp., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Notary Public

GEORGE L. AXIOTAKIS
Notary Public, State of New York
No. 41-5132300 Qual. in Queens Co.
Certificate filed in New York County
Commission Expires March 30, 1974

Defendants' Exhibit Z

N O T E

$100,000.00

New York, New York
May 1, 1972

FOR VALUE RECEIVED

TIDAL MARINE INTERNATIONAL CORP., a Delaware corporation, having an office at 80 Pine Street, New York, New York

promises to pay on demand to

COSTAS NASLAS of 31 Whittier Drive, Searington, New York

or order at the office of CHEMICAL BANK, 67 Broad Street, New York, New York, or at such other place as may be designated in writing by the holder of this Note,

the principal sum of ONE HUNDRED THOUSAND and 00/100 ($100,000.00) DOLLARS.

Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived.

In the event of any default in the payment of principal, then interest from the date of default until the date of full payment shall be computed at the rate of 2% per month on unpaid balances of principal, until such time as the entire principal indebtedness has been paid.

This Note may not be changed or terminated orally.

TIDAL MARINE INTERNATIONAL CORP.

By _____
Harry Amanatides, President

Defendants' Exhibit Z

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 1st day of July before me personally came Harry Amanatides to me known, who, being by me duly sworn, did depose and say that he resides at 155 West 20th Street, New York, New York

that he is the President of Tidal Marine International Corp., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Notary Public

GEORGE L. AMOTHIS
Notary Public, State of New York
No. 41-5[illegible] Qual. in Queens Co.
Certificate filed in [illegible] County
Commission Expires March 30, 19[illegible]

MM:bg
M-1633

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- -x

UNITED STATES OF AMERICA :

- v - : 75 Cr. 515 (MP)
75 Cr. 1176 (MP)

JAMES D. HAHLON,
COSTAS NASLAS and
PAUL KATRITSIS, :

Defendants. :

- -x

GOVERNMENT'S REQUESTS TO CHARGE

The Government respectfully requests the Court to marshal the evidence and to include the following in its charge to the jury.

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M-1633

REQUEST NO. 1

Multiple Defendant - Multiple Count Case

The indictment and information in this case contain a number of different counts which you must consider. Each count charges a separate crime. They must each be considered separately.

The indictment names ten defendants and the information names five defendants. Only James D. Hanlon, Costas Naslas and Paul Katritsis are on trial before you. They are the only persons whose guilt or innocence you must announce in your verdict, although, as I will explain to you shortly, in considering their guilt or innocence, you may have to determine the nature of the participation, if any, of others. In the determination of innocence or guilt, you must bear in mind that guilt is personal. The guilt or innocence of any defendant on trial before you must be determined separately with respect to him solely on the evidence presented against him or the lack of evidence.

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REQUEST NO. 2

Outline of the Indictment and Information

The defendants James D. Hanlon, Costas Maslas and Paul Katritsis have been charged in the indictment with violating different federal statutes.

These statutes deal with the (1) what is commonly referred to as wire fraud, (2) false statements and over-valuations made in connection with obtaining loans, and (3) conspiracy.

The information charges Costas Maslas with paying fees and gifts to bank officers in connection with the procuring of loans as well as conspiracy.

Certain counts of the indictment charge the defendants with aiding and abetting others in committing the actual substantive violations which are charged.

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M-1633

REQUEST NO. 3

The Substantive Statute - False Statement to Influence Action on Loan - 18 U.S.C. § 1014

Several counts of the indictment are brought under a law passed by the Congress of the United States which provides in pertinent part:

> "Whoever knowingly makes any false statement or report or willfully overvalues any . . . security, for the purpose of influencing in any way the action of . . . any bank the deposits of which are insured by the Federal Deposit Insurance Corporation . . . upon any . . . loan . . . [shall be guilty of a crime]."

The law which I just read, Section 1014 of the Federal Criminal Code, has nothing whatever to do with defrauding the Government or whether or not the Government is actually defrauded. The section is directed at loans and makes it a criminal offense to make a false statement or report or to overvalue any security in connection with a loan.

United States v. Pesano, 293 F.2d 229, 231 (2d Cir. 1961).

The essence of the crime is the making of a false statement or report or overvaluation for the purpose of influencing in any way the action of the bank from which a loan is sought.

The defendants are charged with violating this statute, Title 18, United States Code, Section 1014, in the following counts: James D. Hanlon, counts 56-57, 66, 68, 75-76;

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REQUEST NO. 3 (Continued) -2-

The Substantive Statute - False Statement to Influence Action on Loan - 18 U.S.C. § 1014

Costas Naslas, counts 63, 66 and 76; and Paul Katritsis, counts 56-59 and 66. You must, of course, consider each count and each defendant individually.

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M-1633

REQUEST NO. 4

Elements of Offense of False Statements to Influence Action on Loan

In order for you to convict any defendant of making false statements or reports or overvaluing any security as charged in any count of the indictment which charges a violation of Title 18, United States Code, Section 1014, the Government must prove, beyond a reasonable doubt, as to such count, the following:

First: That the defendant charged in such count either made, or caused to be made, a false statement or report in connection with a loan or overvalued any security in connection with a loan.

Second: That such defendant knew the statement or report to be false or the worth of the security to be overvalued.

Third: That the statement or report or valuation of security was made to a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation.

Fourth: That the false statement or report or valuation of security was made for the purpose of influencing the bank's action upon a loan.

Adapted from Judge Weinfeld's charge in United States v. Sabatino, 485 F.2d 540 (2d Cir. 1973).

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REQUEST NO. 4 (Continued) -2-

Elements of Offense of False Statements to Influence Action on Loan

The statute does not require proof that the bank officials who ultimately approved the loan relied upon the alleged false statements or reports or valuation of security in actually approving the loans.

So, too, it is of no consequence whether any part or all of a loan which might have been made has subsequently been paid back.

The statute has nothing whatsoever to do with defrauding the bank or whether or not the bank is actually defrauded. In other words whether the false statements or overvaluation accomplished the purpose intended is irrelevant.

The fact that no pecuniary losses may have been suffered is not relevant under this law.

Adapted from the charge of Judge Weinfeld in United States v. Sabatino, 485 F.2d 540 (2d Cir. 1973).

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M-1633

REQUEST NO. 5

First Element: False Statement or Report or Overvaluation

In order to establish the first element as to any count which you are considering, the Government must prove beyond a reasonable doubt either (1) that a defendant charged in such count made a false statement or report in connection with a loan or (2) that such defendant overvalued security in connection with a loan. The Government need not prove both a false statement or report and an overvaluation of security. It is sufficient if you find that the Government has established either one of these matters beyond a reasonable doubt. In any event, as a matter of definition an overvaluation of security for a loan would, of course, be a false statement as well.

Both James D. Hanlon and Paul Katritsis are charged in count 56 with a violation of Title 18, United States Code, Section 1014 which allegedly occurred on or about December 24, 1971. With respect to this count, you must be convinced beyond a reasonable doubt that the statement or report contained in Government Exhibit 40 that 100% of the shares of Pisces Navigation Corp. had been owned by Union Commercial Shipping Co. for one year was false and was

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REQUEST NO. 5 (Continued) -2-

First Element: False Statement or Report or Overvaluation

made or caused to be made by the defendant whom you are considering. This statement was made in connection with a loan by National Bank of North America on the vessel Tekton. The Government has contended that this statement was false and was made for the purpose of concealing from the bank that the true borrower was an entity controlled by Mark Scufalos as opposed to an entity controlled by Tidal Marine International Corporation. This is significant because the Government contends that since the bank had made a decision not to loan any more money to Tidal Marine, it was necessary to pretend that the borrower was an entity other than Tidal Marine.

The Government further notes that the allegedly false statement, is a "Less Developed Country Corporation" certificate signed by the defendant Paul Katritsis, who was president of Pisces Navigation Corp. The Government contends that this certificate, which is contained in Government Exhibit 40, was delivered in connection with the closing on this loan. The defendant James Hanlon represented Pisces Navigation Corporation at the closing of the loan.

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M-1633

REQUEST NO. 5 (Continued) -3-

First Element: False Statement or Report or Overvaluation

James D. Hanlon and Paul Katritsis are also charged in Count 57 with making false statements and reports in connection with the same loan that was discussed with respect to count 56. As to count 57, you must be convinced beyond a reasonable doubt that the statement or report contained in Government Exhibit 40 that 100% of the shares of Arias Navigation Corp. had been owned by Union Commercial Shipping Co. for a period of one year was false and was made or caused to be made by the defendant whom you are considering. The Government contends that the same facts tending to show that the statement or report charged in count 56 is false also demonstrate the false nature of the statement or report referred to in this count. As in the case of count 56 the false statement was made for the purpose of concealing from the bank that Tidal Marine instead of Mark Scufalos was the true borrower. You must, of course, consider each count individually.

With respect to Count 58 in which Paul Katritsis is charged, you must be convinced beyond a reasonable doubt that the statement and report:

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M-1683

REQUEST NO. 5 (Continued) -4-

First Element: False Statement or Report or Overvaluation

> ". . . that certain Time Charter Party dated November 24, 1970, between Antares Navigation Corp. and BP Tankers Company Limited, providing for the time chartering of the Tekton and which has been assigned through an Addendum No. 1, dated December , 1971 to the Assignor (said Time Charter, as the same may hereafter be further amended or supplemented being herein called 'Time Charter') . . . is in full force and effect and enforceable in accordance with its terms . . ."

was false and was made or caused to be made by Paul Katritsis. This statement is contained in a document entitled "Assignment of Moneys Due and to Become Due Under Time Charter Party on Tekton" which is dated December 24, 1971 and is part of Government Exhibit 40. This document was signed by Paul Katritsis, as president of Pisces Navigation Corporation and was delivered in connection with the loan made by National Bank of North America on the vessel Tekton. The Government has introduced evidence that the charter party referred to in Government Exhibit 40 is a forgery and that therefore the statement contained in the Assignment which I read to you a few moments ago was false.

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M-1683

REQUEST NO. 5 (Continued) -5-

First Element: False Statement or Report or Overvaluation

In the case of count 59, in which Paul Katritsis is charged, you must find beyond a reasonable doubt that the statement or report:

> ". . . that certain Time Charter party dated December 7, 1970 between ALKAID NAVIGATION CORP. and BP TANKERS COMPANY LIMITED, providing for the time chartering of the TROPIS and which has been assigned through an Addendum No. 1 dated December , 1971 to the Assignor (said Time Charter, as the same may hereafter be further amended or supplemented, being herein called 'Time Charter') . . . is in full force and effect and enforceable in accordance with its terms . . ."

was false and was made or caused to be made by the defendant Paul Katritsis. This statement was contained in a document entitled "Assignment of Moneys Due and to Become Due Under Time Charter on Tropis" which is dated December 24, 1971 and is part of Government Exhibit 40.

This document was signed by the defendant Paul Katritsis as president of Aries Navigation Corporation, the borrowing corporation and was delivered in connection with the loan made by National Bank of North America on the vessel Tropis.

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REQUEST NO. 5 (Continued) -6-

First Element: False Statement or Report or Overvaluation

The Government contends that since the charter party referred to in the statement was a forgery, the statement was false.

With respect to count 63, in which Costas Naslas is charged, you must find beyond a reasonable doubt either (1) that the statement or report that the vessel Aris:

> ". . . has been time chartered to Wintershall A.G., of Kassel, Germany, under contract of charter party dated November 16, 1971 (hereinafter called the 'Wintershall Charter') the term of which Wintershall Charter will be 60 months more or lease [sic], at charterer's option . . ."

was false and was made or caused to be made by the defendant Costas Naslas or (2) that Costas Naslas overvalued the worth of security, namely the vessel Aris. This statement is contained in an Agreement of Sale, dated December 29, 1971 between Leo Navigation Corp., a Tidal Marine subsidiary which was the seller of the Aris, and Spartan Pride Shipping Company Limited, the purchaser of that vessel. This Agreement is contained in Government Exhibit 5 and was delivered to the National Bank of North America in connection with a loan on the Aris. This document was signed by the defendant Costas Naslas on behalf of both Leo Navigation and Tidal

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M-1633

REQUEST NO. 5 (Continued) -7-

First Element: False Statement or Report or Overvaluation

Marine. The Government contends that the charter party delivered to the bank in connection with this closing which was referred to in the Agreement of Sale was a forgery. The actual charter party, according to the Government, provided for a 3 year term and provided --as opposed to the forgery -- that the owners of the vessel would pay for fuel. These matters were covered by the stipulated testimony of Werner Kunz. As a result, the Government contends the statement made by Naslas was false. The Government also contends that since the charter is an important factor in volving a vessel the valuation of the Aris as security for the loan was inflated because the valuation delivered to the bank was based on the assumption that the vessel had been chartered for 5 years.

All three defendants are charged in count 66. With respect to count 66, you must find beyond a reasonable doubt either (1) that the statement or report:

> ". . . There is in existence between Endeavor and BP Tankers Ltd. a time charter dated November 20, 1971 for the TACHYS for a period of five years at the rate of pounds sterling 2.008 per dead weight ton per month,"

was false and was made or caused to be made by the defendant whom you are considering or (2) that such defendant over-valued the worth of security, namely, the vessel Tachys.

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M-1683

REQUEST NO. 5 (Continued) -8-

First Element: False Statement or Report or Overvaluation

This statement is contained in a letter, dated February 4, 1972 addressed to the National Bank of North America, singed by Costas Naslas on behalf of both Tidal Marine and its principal operating subsidiary, Galaxy Steamship Corp., and delivered the National Bank of North America in connection with the Tachys loan. This letter is Government Exhibit 252.

A copy of the charter referred to in the statement was delivered to the bank as part of the closing and was signed by the defendant Paul Katritsis on behalf of Spartan Endeavor Shipping Company, Ltd.

The defendant James Hanlon represented the seller of the vessel in connection with the closing on this vessel.

The Government contends that since the charter on the Tachys was a forgery, the statement which is charged in this count of the indictment was false. The Government also contends that the valuation of the vessel which was based on the existence of a 5 year time charter at a certain rate was likewise inflated since the charter referred to in the valuation did not exist.

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M-1683

REQUEST NO. 5 (Continued) -9-

First Element: False Statement or Report or Overvaluation

In the case of count 68, in which James D. Hanlon is charged, you must find beyond a reasonable doubt either (1) that the statement or report that the vessel Aquario:

> ". . . is performing under that 3 1/2 year time charter of the Vessel to Cia. Shell de Venezuela Ltd. dated June 1, 1971 ('the "Aquario Charter'), performance under which Charter commenced on August 1971"

was false and was made or caused to be made by the defendant James D. Hanlon or (2) that James D. Hanlon overvalued the worth of certain security, in this case the vessel Aquario.

This statement was made in a Loan Agreement, dated February 11, 1972, between Southeast Tanker Company and National Bank of North America which is contained in Government Exhibit 42. This agreement was signed by James D. Hanlon on behalf of Southeast Tankers Company Limited and was delivered at the closing of the Aquario loan.

The Government contends that this statement is false since the Aquario was actually on a time charter for a period of two years nine months and not three and a half years. The Government also contends that the valuation of the vessel was inflated since a valuation delivered to the

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M-1683

REQUEST NO. 5 (Continued) -10-

First Element: False Statement or Report or Overvaluation

bank listed the value of the Aquario at $2,175,000 when in fact the vessel had been purchased for $795,000 just six months earlier.

With respect to count 75, in which James D. Hanlon is charged, you must find beyond a reasonable doubt that the statement or report:

> "On Monday we shall be able to provide you with the guarantee of Mark Scufalos, who is and has been the sole stockholder of the corporation since its organization."

was false and was made or caused to be made by the defendant James D. Hanlon.

This statement is contained in a letter dated June 2, 1972, from Hanlon to Melvin Tublin, counsel for the National Bank of North America in connection with a loan on the vessel Tagma. The letter is in Government Exhibit 22. The Government contends that the statement was, in effect, a representation to the bank's counsel that Mark Scufalos was the sole shareholder of Epidavros Shipping which was the corporate borrower on this transaction. The Government contends this statement was false since Scufalos did not own any Epidavros shares at all. As in the case of the Aries and Pisces loan, this false statement was made, the Government

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M-1683

REQUEST NO. 5 (Continued) -11-

First Element: False Statement or Report or Overvaluation

contends for the purpose of concealing from the bank that the time borrower on this loan was Tidal Marine and not Mark Scufalos.

In the case of count 76, in which James D. Hanlon and Costas Naslas are charged, you must find beyond a reasonable doubt that the statement or report that Mark Scufalos had owned 100% of the shares of Epidavros Shipping Company Ltd. from March 1, 1971 to date - which refers to the date of the statement, June 16, 1972 - was false and was made or caused to be made by the defendant whom you are considering. This statement which was contained in a document called the Less Developed National Certificate, dated June 16, 1972, which is contained in Government Exhibit 20, was signed by Costas Naslas. The effect of this false statement was the same as in count 75, that is, to conceal the true identity of the borrower.

This document was delivered in connection with the closing of a loan on the vessel Tagma at the National Bank of North America. The Government contends that the corporate borrower was really a Tidal Marine entity and the Scufalos did not own any of the shares in Epidavros. James Hanlon represented Epidavros in connection with this matter.

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-1633

REQUEST NO. 6

Second Element: Defendant's Knowledge

The second element of this offense relates to the knowledge of the defendant whom you are considering. For each of counts 56-59, 63, 65-66 and 75-75, the Government must prove beyond a reasonable doubt that the defendant whom you are considering knew the statement or report was false, or in the case of an alleged overvaluation, that the worth of the security was over valued.

I will have more to say in a short while concerning the nature of proof as to matters of knowledge.

1633

REQUEST NO. 7

Third Element: Insurance by Federal Deposit Insurance Corporation

There appears to be no controversy as to this element. However, you must still be convinced beyond a reasonable doubt that at the time the statements or reports were made the National Bank of North America was a bank, the deposits of which were then insured by the Federal Deposit Insurance Corporation.

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M-1633

REQUEST NO. 8

Fourth Element: Purpose of Statement or Report

To satisfy the fourth element of this offense, the Government must prove beyond a reasonable doubt that the false statement or report was made for the purpose of influencing the action of the National Bank of North America.

In connection with the first element of this crime, I have described the documents on which each statement or report or valuation of security was made. I have also read to you the statement or report which is alleged to have been false and have mentioned the security which was said to be overvalued. If you find that the statement concerned a subject matter which the defendant whom you are considering believed the bank would consider relevant to a decision of whether or not to grant a loan or relevant to any action the bank might take with respect to a loan then you may find that the statement was made for the purpose of influencing the action of the bank in connection with a loan. The Government does not, however have to prove that the bank actually relied on the statement or relied upon the valuation of security. United States v. Sabatino, 485 F.2d 540 (2d Cir. 1973). It is enough that defendant intended in any way to influence the action of a federally insured bank.

REQUEST NO. 8 (Continued) -2-

Fourth Element: Purpose of Statement or Report

In this case the nature of the various statements made suggest the purpose for which they were made. With respect to counts 56, 57, 75 and 76, the Government contends the purpose of the statement was to falsely represent the true identity of the borrower. That is, to present the borrower as an entity controlled by Mark Scufalos when the borrowing corporation was really controlled by Tidal Marine. This was necessary, the Government contends, because the National Bank of North America had made a decision not to lend any more money to Tidal Marine.

With respect to counts 58, 59, 63, 66 and 68, the Government contends the purpose of the statement was to falsely represent to the bank that the vessel being financed was operating under a charter of a particular duration and at a particular rate when in fact the vessel was either operating pursuant to a less desirable charter or - in the case of count 66 - no charter at all. This had the additional effect, according to the Government, of boosting the value of the collateral since the profitability of the charter was an important component in valuing a vessel According to the Government, this resulted in increasing the amount of money the bank would lend against the vessel.

You may conclude that in making a representation as to the identity of the borrower or the nature of a charter a defendant intended to influence a bank to grant a loan.

AM:jp
M-1633

REQUEST NO. 9

The Information - Receipt of Gifts, etc. for Procuring Loans - 18 U.S.C. § 215

Counts 2, 4 and 5 of the information charges the defendant Costas Naslas with violating and aiding and abetting the violations of a federal statute which reads in pertinent part as follows:

> "Whoever, being an officer [or] employee . . . of any bank, the deposits of which are insured by the Federal Deposit Insurance Corporation . . . stipulates for or receives or consents or agrees to receive any fee, commission, gift, or thing of value, from any person, firm, or corporation, for procuring or endeavoring to procure for such person, firm, or corporation, or for any other person, firm, or corporation, from any such bank or corporation, any loan or extension or renewal of loan or substitution of security . . . [commits a crime]"

Under this law, the crime is committed at the time of the receipt, consent or agreement irrespective of when the loan is made.

[The Government respectfully requests the Court to read Counts 2, 4 and 5 of the information.]

Count 1 of the information charges Costas Naslas with conspiring to violate Section 215. I will have more to say about conspiracy in a short while.

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M-1633

REQUEST NO. 10

Elements of Receipt of Gifts, etc.
For Procuring Loans

In order to convict the defendant Costas Naslas on any count of the information charging him with the substantive offense, that is, Counts 2, 4 and 5, you must find beyond a reasonable doubt:

First: that, at or about the time an offense charged in the count you are considering occurred, the National Bank of North America was a bank the deposits of which were insured by the Federal Deposit Insurance Corporation;

Second: that, at the time the offense charged in the count you are considering occurred, Joseph Metzger and/or John Shevlin was an officer or employee of the National Bank of North America;

Third: that, at or about the time alleged in the count you are considering, Joseph Metzger and/or John Shevlin received a fee, gift or commission as charged in the count you are considering from the defendant Costas Naslas, for the purpose of procuring the loan specified in the count you are considering; and

Fourth: that, the defendant Costas Naslas did so unlawfully, wilfully and knowingly.

MM:jp
M-1683 REQUEST NO. 10 (Continued) -2-

Elements of Receipt of Gifts, etc.
For Procuring Loans

There seems to be no controversy over the first two elements, that is, that the National Bank of North America was a federally insured bank and that Joseph Metzger and John Shevlin were officers of such bank. However, you must still find that the Government has proven these elements beyond a reasonable doubt.

In regard to the third element that I have described to you, the receipt of commissions or gifts in connection with and for procuring or endeavoring to procure loans is prohibited to officers of Federally insured banks. It is improper. It is a breach of trust. The defendant Costas Naslas is charged as an aider and abettor since it is alleged that he made payments to John Shevlin and Joseph Metzger in connection with procurement of loans at National Bank of North America.

The statute prohibiting receipt of things of value, fees, commissions or gifts with respect to procuring or endeavoring to procure loans contemplates at least four situations where a bank officer or one aiding and abetting a bank officer could be guilty:

AM:jp
A-1633

REQUEST NO. 10 (Continued) -3-

Element of Receipt of Gifts, etc.
For Procuring Loans

One, where the bank officer stipulates for any such emolument;

Two, where he receives such;

Three, when he consents to receive it; and

Four, when he agrees to receive it.

The statute is violated even though the loan to the borrower is completed before the receipt of value, fee or gift from the borrower.

In considering this prohibition, you do not get into the question of whether the borrower got something that he was not entitled to or whether the loans were sound or unsound, good, bad or indifferent for the bank.

As a matter of public policy, where the deposits of a bank are Federally insured, no officer of a bank may take things of value or fees, commissions or gifts from any person, firm or corporation for procuring or endeavoring to procure for such person, firm or corporation or anyone

MM:jp
M-1683 REQUEST NO. 10 (Continued) -4-

Element of Receipt of Gifts, etc.
For Procuring Loans

else from the bank any loan or extension or renewal of loan or substitution of security. To do so is a crime colloquially referred to as "graft", which takes advantage of a position of trust or public office to obtain fees, commissions and so on for rendering service. Obviously, the same public policy prohibits one from making payments to a bank officer for such services.

As to the fourth element to be proved beyond a reasonable doubt, the term "unlawfully, wilfully and knowingly" means that you must be satisfied beyond a reasonable doubt that the defendant Costas Naslas knew what he was doing, that he did it deliberately and voluntarily as opposed to mistakenly or accidently or as a result of some coercion.

This same definition of "unlawfully, wilfully and knowingly" applies to all the counts in the information and those in the indictment.

Of course, it is not necessary that the defendant Costas Naslas should know that he was violating any particular law. Rather it is sufficient if you are convinced beyond a reasonable doubt that he was aware of the general unlawful nature of his conduct.

I will have more to say later on concerning proof of knowledge and intent.

M:jp
-1633

REQUEST NO. 11

Wire Fraud - 18 U.S.C. § 1343

The defendant James D. Hanlon is charged in Counts 10, 18 and 22 with violating Title 18, United States Code, Section 1343 - the so-called wire-fraud statute - which reads, in pertinent part, as follows:

> "Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice [is guilty of a crime]"
>
> [The Government respectfully requests the Court to read Counts 10, 18 and 22, including the introduction to such counts]

The essence of Count 10 is contained in the introduction to Counts 10-12. It is that the defendant James D. Hanlon - along with others named in such introduction - took part in a scheme to obtain loans aggregating $2.2 million from the National Bank of North America on the vessels Ilion, Harilion, Marilion and Kyrilion.

MM:jp
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REQUEST NO. 11 (Continued) -2-

Wire Fraud - 18 U.S.C. § 1343

The essence of Counts 18 and 22 is contained in the introduction to Counts 17-22 and is that James D. Hanlon and the others named in such introduction, embarked on a scheme which culminated in the obtaining of a loan of $4 million from the Bank of America N.T. and S.A. in London, England on a vessel named the Trechon and that Hanlon and the others diverted a portion of such loan to companies under their control. James Hanlon was Tidal Marine's attorney in connection with this loan.

Under the law applicable to this case, each transmission of an interstate or foreign wire communications for the purpose of executing the fraudulent scheme alleged in the introduction to Count 10 and to Count 18 and 22, respectively, constitutes a separate crime.

M-1633

REQUEST NO. 12

Essential Elements of the Offense of Wire Fraud

In order to find the defendant James D. Hanlon guilty of the offense charged in any one of Counts 10, 18 and 22 you must find that the Government has proved, the following three essential elements beyond a reasonable doubt:

(1) that at or about the time alleged in the count you are considering, James D. Hanlon devised or intended to devise a scheme or artifice to defraud or a scheme or artifice to obtain money or property by means of false or fraudulent pretenses, representations or promises or aided and abetted another in devising such a scheme;

(2) that James D. Hanlon acted wilfully and knowingly and with an intent to deceive; and

(3) that, for the purpose of executing the scheme, the defendant transmitted, or caused another to transmit, by wire communication in interstate or foreign commerce, certain writings, signs, signals and sounds.

(Title 18, United States Code, Section 1343)

H-1633

REQUEST NO. 13

Scheme or Artifice to Defraud or to Obtain Money or Property by False or Fraudulent Pretenses, Representations, or Promises

The first element of the offense charged in Counts 10, 18 and 22 is the existence of a scheme or artifice to defraud or the existence of a scheme or artifice to obtain money or property by means of false or fraudulent promises, representations or pretenses.

As used in this case the word "scheme" and "artifice" merely mean a plan for the accomplishment of an object. The Government claims that in the case of Count 10 the plan of the defendant James D. Hanlon and the others involved in the alleged scheme was to obtain loans from the National Bank of North America on four vessels - the Ilion, Harilion, Kyrilion and Marilion - in an amount in excess of what the bank might otherwise have loaned on such vessels by representing to the bank that the purchase price of these four vessels was $2,700,000 when the purchase price had actually been only $2,105,000, and that after the bank had approved the loans subject to further approval of the charters, the plan involved falsely representing that the Harilion was on a three year time charter to

REQUEST NO. 13 (Continued) -2-

Scheme or Artifice to Defraud or to Obtain Money or Property by False or Fraudulent Pretenses, Representations, or Promises

Mitsui Lines at $1645 per day, the Kyrilion was on a three year time charter to Port Line/Blue Flunnel Line at $1535 a day, the Marilion was on a time charter to Japan Line Ltd. at $1300 per day and the Ilion was on a time charter to Unimar Seetransport GMBH.

The Government's contention is that none of these charters in fact existed and that the security for the loans was in effect a sham.

The scheme charged in Counts 18 and 22 of the indictment concerns a loan on the vessel Trechon. The Government's contention here is that representations were made to the Bank of America in London that a Tidal Marine subsidiary, the Deneb Navigation Corp., had contacted to purchase the Trechon for $5,500,000 when in fact the purchase price of that vessel had been $3,500,000, which was later reduced to $3,335,000. Deneb Navigation was then able to obtain a loan from the bank in the amount of $4,000,000. James Wanlon was Tidal Marine's attorney in connection with the purchase and financing of the vessel. The Government further contends that after the loan was made, Harry Anastatides diverted $215,000 of the proceeds to Victory Development Corp., a corpora-

REQUEST NO. 13 (Cont'd) -3-

tion which he controlled,, and James D. Hanlon diverted $750,000 of the proceeds of the loan to Kowloon TankShip Co. Ltd. a corporation which he controlled.

Now, the Government can be found to have satisfied its burden of proof as to this element if you find beyond a reasonable doubt that there existed either a scheme or a plan, to defraud, or a scheme or a plan, to obtain money by false pretenses or representations. The first of these types of schemes, i.e., a "scheme to defraud" would include any plan to obtain something of value by trick or deceit. This is so because the word "fraud" as used here refers to all types of means which are resorted to by one individual to gain an advantage over someone else by false representations.

> See, Fasulo v. United States, 272 U.S. 620 (1926); Norman v. United States, 116 Fed 330 16th Cir., 1902).

The second of those types of schemes, i.e., a scheme to obtain money by false representations, is very similar to a scheme to defraud. Suc a scheme refers to any plan by which one persons seeks to obtain money from another by means of misrepresentations as to a material fact. Such misrepresentations may be made in two ways: (1) by statements of material facts which are just not true; and (2) by the failure to state facts which are necessary to be stated in order to permit a

REQUEST NO. 13 (Cont'd) -4-

full understanding of the truth of the matters which have been stated.

In other words once a person undertakes to state certain facts to another person he has an obligation not to give a distorted picture of the facts which renders his statement misleading. Sometimes a half truth is no more honest than an outright falsehood and, therefore, a scheme to make false representations may be constituted by half truths which are calculated to mislead.

In the case of the scheme alleged in Count 10, the Government claims the scheme involved misrepresentations as to the initial purchase price of the vessels as well as misrepresentations as to the charters on the vessel.

In the case of counts 18 and 22 the scheme alleged in those counts included misrepresentation as to the purchase price of the Trechon.

Of course, before you can find that there existed a scheme to obtain money by false representations, you must find that the facts allegedly misrepresented, whether by affirmative false statements or by the failure to state other relevant facts, were material to the matter under consideration. "Material" facts are facts which reasonably could be expected to induce a person (or an entity such as a bank which of necessity acts through individuals) to decide whether to act or not to act.

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REQUEST NO. 13 (Cont'd) -5-

Adapted from Judge Murphy's charge in United States v. Wilbur Buff, et al., 64 Cr. 852, March 31, 1967, p. 22-23; see also Williams v. United 368 F.2d 972 (10th Cir. 1966), cert. denied, 386 U.S. 997 (1967); Kreuter v. United States, 218 F.2d 532, 535 (5th Cir.), cert. denied, 349 U.S. 932 (1955); Cusow v. United States, 347 F.2d 755 (10th Cir.), cert. denied, 382 U.S. 906 (1965).

I also instruct you that, consistent with how I have defined the term "misrepresentation" to you, it is sufficient that the Government has proven the making of misreprsentations, whether implicity or expressly.

REQUEST NO. 14

Nature of the Scheme Charged

In deciding whether the Government has satisfied its burden of proving the first element of the offenses charged in Counts 10,18 and 22 i.e., that there existed a scheme to defraud or a scheme to obtain money by false representations you must decide whether the Government has proven the particular scheme charged in the Indictment.

Now the fraudulent scheme charged in this case allegedly consisted of various parts, as outlined in the Introduction to Counts 10-12 and 17-22, respectively. The Government does not have to prove each and every one of these allegations. In order to find that the Government has established this first element of the wire fraud charges it is sufficient that you find that the Government has proven substantially the scheme charged.

M-1633

REQUEST NO. 15

Aiding and Abetting

While the Government's theory is that the evidence may be read as establishing Hanlon was both a principal and an aider and abettor in the scheme charged in counts 10, 18 and 22 the Government need not prove that James D. Hanlon directly participated in devising the alleged scheme to defraud. The Government may rely on the provisions of Title 18, United States Code, Section 2. That statute is commonly referred to as the aiding and abetting statute and I will have more to say about it later on.

REQUEST NO. 16

Second element of Wire Fraud
Intent - Knowingly and Wilfully

With respect to Counts 10, 18 and 22 if you find that the defendant James D. Hanlon participated in the alleged scheme to defraud applicable to the count you are considering, you must next consider whether the Government has proven beyond a reasonable doubt that he acted knowingly and wilfully.

The definition of these terms is the same as I have previously described to you in connection with my charge an receipts of gratities by a bank officer.

M-1633

REQUEST NO. 17

Intent to Deceive

Essential to proof of the second element of the crimes of wire fraud charged in Counts 10, 18 and 22 in addition to proof that the defendant James D. Hanlon acted knowingly and wilfully, is proof that he acted with intent to commit a fraud or intent to deceive.

Thus, if you find that James D. Hanlon acted in good faith and in the honest belief that various representations he made, or assisted others in making, were true and that he did not intend to defraud, then this would be a complete defense to the charges made there.

See generally Durlgand v. United States, 161, U.S. 306, 313-14/1896' Harris v. United States 261 F.2d 329, 396 (9th Cir. 1958), cert. denied 360 U.S. 933(1959).

M-1633

REQUEST NO. 18

Third Element - Use of Wire Communications

If you have found that the defendant James D. Hanlon participated in a scheme to defraud wilfully and knowingly and with intent to deceive, then you must consider whether the Government has proven the third essential element of the offenses charged in Counts 10, 18 and 22, i.e., that the specific use of wire communications in furtherance of the scheme to defraud charged in the respective counts, actually occurred.

I charge you that as a matter of law if you find that the telexes described in the Indictment were sent, such constituted the transmission of sounds by means of wire communication in interstate or foreign commerce within the meaning of the statute. These wire communications are, in the case of Count 10, Government Exhibit 271, in the case of Count 18, Government Exhibit 283A and in the case of Count 22, Government Exhibit 283B.

I further charge you that if you find that the wires described in Count 10, 18 and 22 were sent from London, England to New York, New York this would constitute a transmission of sounds by means of foreign commerce within the meaning of the statute.

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REQUEST NO. 18 (Continued) -2-

Third Element - Use of Wire Communications

Furthermore it is not necessary for the Government to prove that the defendant James D. Hanlon personally initiated the wire communication in question, or indeed that any person named in the count you are considering initiated the communication. It is sufficient if the proof is that the defendant James D. Hanlon or another individual who James D. Hanlon aided and abetted took steps which Hanlon or such individual knew or reasonably could have foreseen at the time would naturally and probably result in the use of wire communications in interstate or foreign commerce, whether or not Hanlon or such person actually knew of the actual wire communication.

See, United States v. Honliham, 332 F.2d 8, 13-14 (2d Cir. 1964), cert. denied, 379 U.S. 828 (1964); and Pereira v. United States, 347 U.S. 1, 7-9 (1954).

M-1633

REQUEST NO. 19

Scheme Need Not Succeed

The Government has the burden of proving the essential elements of the scheme to defraud, but it is not necessary to prove that every step of the scheme was accomplished. Instead, the crime is complete when the scheme is conceived and the wires are used in an attempt to execute it.

Kreuther v. United States, 218 F.2d 532, 535 (5th Cir. 1955), and United States v. Whiting, 308 F.2d 537, 540 (2d Cir. 1962), cert. denied, 372 U.S. 919 (1963).

Furthermore, because the crime that is charged in Counts 10, 18 and 22 is the devising of a scheme to defraud and not the result of that scheme, I instruct you that in order to convict, it is not necessary for you to find that James Hanlon realized any gain whatsoever from the scheme. Nor is it necessary that the intended victim suffered any loss whatsoever. The question is: did the defendant knowingly devise a scheme to defraud and to obtain money and property, or aid and abet another in so doing, and did he use or cause the use of the wires to further the scheme?

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REQUEST NO. 19 (Continued) -2-

Scheme Need Not Succeed

United States v. Andreadis, 366 F.2d 423, 431 (2d Cir. 1966), cert. denied, 385 U.S. 1001; Fineberg v. United States, 393 F.2d 417 (9th Cir. 1968); and United States v. Whiting, 308 F.2d 537 (2d Cir. 1962), cert. denied, 372 U.S. 919 (1963).

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REQUEST NO. 20

Counts 10, 18 and 22: Actual Reliance or Deception Unnecessary

In order for a scheme to come within the terms of wire fraud statute, it is not necessary that anyone be deceived. The offense is committed when the scheme has been devised, and in pursuance of it the wires are used. Although the Government does contend that National Bank of North America was actually deceived in the case of Count 10 and the Bank of America was actually deceived in the case of Counts 18 and 22.

But, the Government need not show that anyone actually relief on the alleged misrepresentations. If the defendant James D. Hanlon made such misrepresentations or aided and abetted another, as part of a deliberate scheme to defraud or to obtain property by false representations intending others to rely upon it and set in motion steps which would normally be expected to lead to use of the wires and the wires were in fact used, that would be sufficient.

M-1633

REQUEST NO. 21

Elements of the Offense - Conspiracy

Counts 36, 51, 62, 65 and 67 of the indictment and Count 1 of the information charge the defendants named in such counts with conspiracy to violate certain federal statutes. I will now read these counts to you.

[The Government respectfully requests the Court to read Counts 36, 51, 62, 65 and 67 of Indictment and Count 1 of the Information].

A conspiracy to commit a crime is an entirely separate and different offense from the substantive crime which is the objective of the conspiracy. The essence of the crime of conspiracy is an agreement or understanding to violate other laws. Thus, if a conspiracy exists, even if it should fail of its purpose, it is still punishable as a crime. Consequently, in a conspiracy charge there is no need to prove an actual violation of the substantive statute.

In order to find any defendant guilty of conspiracy as charged in any of Counts 36, 51, 62, 65, and 67 of the indictment and Count 1 of the information, you must find beyond a reasonable doubt:

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REQUEST NO. 21 (Continued) -2-

Elements of the Offense - Conspiracy

First: that some time between the dates indicated in the count you are considering an agreement existed as charged in the indictment or the information between two or more of the named co-conspirators.

Second: that it was a part of this agreement to violate the specific substantive statute alleged in the count you are considering - these statutes are as follows: (a) In the case of Counts 36, 51, 62, 65 and 67 of the indictment - Section 1014 of Title 18, United States Code, which proscribes the making of false statements or reports or the overvaluation of security to influence the action of a federally insured bank in connection with a loan, and (b) in the case of Count 1 of the information, Section 215 of Title 18, which prohibits bank employees from receiving or agreeing to receive money or other valuable things in exchange for the procuring of loans or the attempted procuring of loans;

Third: that the defendant whom you are considering knowingly and wilfully associated himself with the conspiracy charged in the count that you are considering; and

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REQUEST NO. 21 (Continued) -3-

Elements of the Offense - of Conspiracy

Fourth: that one of the conspirators knowingly committed at least one of the overt acts set forth in the indictment or the information, at or about the time and place alleged.

Adapted from the charge of Judge Edward Weinfeld in United States v. Kahaner, Appellant Keogh's Appendix, p. 773a, aff'd, 317 F.2d 459 (2d Cir.), cert. denied, 375 U.S. 835 (1963) and the charge of Judge William B. Herlands in United States v. Agueci, et al., pp. 131a-132a of Appellant's Joint Appendix, aff'd, 310 F.2d 817 (2d Cir.), cert. denied, 372 U.S. 959 (1962).

As I noted at the outset, each count charges a separate and distinct crime and must be considered separately. This proposition applies to both substantive statutes and to conspiracy charges.

Before I discuss these elements in more detail I will describe to you what the purpose of the various conspiracies charged is alleged to be.

COUNT 36

James Hanlon is charged in this count with conspiring with Harry Amanatides and Mark Scufalos to

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REQUEST NO. 21 (Continued) -4-

Elements of the Offense - of Conspiracy violate Section 1014 of Title 18. As I have explained, that section proscribes to the wilful making of false statements a federally insured bank in connection with a loan or the wilful overvaluation of security in connection with a loan.

The particular loan with which Count 36 is concerned is the loan made by National Bank of North America in August 1971 for 3.3 million to six separate corporations each owning one dry cargo vessel. This has been referred to as the 6 dry cargo vessel loan. The essence of the Government's case with respect to this count is that the defendant James Hanlon and his co-conspirators obtained this loan from the bank as a loan being made to Mark Scufalos for the purpose of allowing Scufalos to buy out his partner's interests in the six vessels. The Government contends the actual borrower was Tidal Marine and the fraud was necessary because the bank had decided not to lend any more money to Tidal Marine. James Hanlon represented the borrowing corporations in connection with this loan.

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REQUEST NO. 21 (Continued) -5-

Elements of the Offense - of Conspiracy

COUNT 51

In this count all three defendants are charged with conspiring with Harry Amanatides, Ion Livas and Michael Blonsky to violate 18 U.S.C. § 1014 in connection with the loan by National Bank of North America to Aries and Pisces Navigation Corps. Here too, the purpose of the conspiracy was to conceal the true identity of the borrower. That is, that the borrower was Mark Scufalos and not Tidal Marine.

COUNT 62

Costas Mavrikas is charged in Count 62 with conspiring with Harry Amanatides, and Michael Blonsky to violate Section 1014 in connection with a loan of the vessel Aris. The Government contends that the object of this conspiracy was to falsely represent that the Aris had been time chartered by Winterschall AG of Kassel, Germany for 60 months when, in fact, the actual period of the charter was only 36 months. The purpose behind this was to obtain a larger loan from the National Bank of North America than would otherwise have been possible.

COUNT 65

In Count 65 all three defendnats are charged with conspiring to violate Section 1014 in connection with

REQUEST NO. 21 (Continued) -6-

Elements of the Offense - of Conspiracy

a loan on the vessel Tachys. Named as coconspirators in this court are Harry Amanatides, Ion Livas and Michael Blonsky. With respect to this count the Government contends that these defendants and their co-conspirators conspired to obtain a loan from National Bank of North America on the vessel Tachys on the basis of a charter with British Petroleum. The Government contends this charter was a forgery and the security for the loan was a sham.

COUNT 67

This count charges James Hanlon, Harry Amantides and Ion Livas with conspiring to violate Section 1014 with respect to a loan on the vessel Aquario. The purpose of the conspiracy was to obtain a larger loan on the vessel than a bank would otherwise lend.

The false statements concerned the purchase price of the vessel and the term of the vessel's charter. James D. Hanlon acted as attorney for Southeast Tankers Company, the corporation which owned the Aquario and was also an equity participant in the various transactions. Among other things, it is charged that Hanlon caused the corporate formations of Southeast Tankers, prepared corporate resolutions for the company authorizing the

REQUEST NO. 21 (Continued) -7-

Elements of the Offense - of Conspiracy

purchase of the Aquario, and registered two different bills of sale which had been dated the same day. The first bill fo sale conveyed the vessel from Tonnevolds Tankrederi to Brent Shipping for $795,000, while the second conveyed it from Brent to Southeast Tanker Company for $1,300,000. It is charged that Hanlon signed various documents as attorney - in fact in connection with the bank financing, and that he submitted a forged charter party to the National Bank of North America in connection with such financing.

COUNT ONE OF INFORMATION

Count One of the information charges Costas Naslas with Joseph Metzger, Harry Amanatides, Ion Livas, Gregory Spartalis and John Shevlin with conspiring to violate Title 18, United Staes Code, Section 215. The purpose of this conspiracy is said to be the giving of money to Metzger, Spartalis and Shevlin, who were bank officers at National Bank of North America, in connection with loans made by that bank to certain corporations in connection with vessels either being purchased or sold by Tidal Marine.

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REQUEST NO. 22

First and Second Elements Conspiracy

What is a conspiracy? A conspiracy is a combination or agreement of two or more persons, by concerted action, to accomplish a criminal or unlawful purpose, or some purpose not in itself criminal or unlawful, by criminal or unlawful means. In this case, the Government contends that the purpose of separate conspiracies charged in the indictment was to violate Title 18, United States Code, Section 1014 and the purpose of the conspiracy charged in the information was to violate Title 18, United States Code, Section 215.

The gist of the crime of conspiracy is the unlawful combination or agreement to violate the law. Whether or not those persons accomplished what it is alleged they conspired to do is immaterial to the question of guilt or innocence.

A conspiracy has sometimes been called a partnership for criminal purposes to which every partner becomes the agent of every other partner. However, to establish a conspiracy, the Government is not required to show that two or more persons sat around

REQUEST NO. 22 (Continued) -2-

First and Second Elements Conspiracy

a table and entered into a solemn compact, orally or in writing, stating that they have formed a conspiracy to violate the law, setting forthe details of the plans, the means by which the unlawful project is to be carried out, or the part to be played by each conspirator. Indeed, it would be extraordinary if there were such a formal document, or specific oral agreement.

Your common sense will tell you that when men and women in fact undertake to enter into a criminal conspiracy, much is left to unexpressed understanding. Conspirators do not usually reduce their agreements to writing or acknowledge them before a notary public, nor do they publicly broadcast their plans. From its very nature, a conspiracy is almost always characterized by secrecy, rendering detection difficult.

Thus, it is sufficient if two or more persons, in any manner, through any contrivance, impliedly or tacitly, come to a common understanding to violate the law. Express language or specific words are not required to indicate assent or attachment to a conspiracy.

M-1633

REQUEST NO. 22 (Continued) -3-

First and Second Elements Conspiracy

On the other hand, proof concerning the accomplishment of the objects of a conspiracy may be the most persuasive evidence of the existence of the conspiracy itself. To simplify this perhaps a bit more, success of the venture, if you belief it was successful, is the best proof of the venture or the agreement.

Adapted from the charge of Judge William B. Herlands in United States v. Agueci, Joint Appendix of appellants, aff'd, 310 F.2d 137 (2d Cir. 1962), cert. denied, 372 U.S. 959 (1963).

In determining whether there has been an unlawful agreement, you may judge the acts and conduct of the alleged members of the conspiracy which are done to carry out an apparent criminal purpose. The adage, "Actions speak louder than words" is applicable here. Usually, the only evidence available is that of disconnected acts on the part of the alleged individual conpirators, which acts, however, when taken together in connection with each other and with the reasonable inferences flowing therefrom, show a conspiracy or agreement to secure a particular result as satisfactorily and conclusively as more direct proof.

REQUEST NO. 22 (Continued) -4-

First and Second Elements Conspiracy

If, upon such consideration of all the evidence, direct or circumstantial, you find beyond a reasonable doubt that the minds of the alleged conspirators met in an understanding and that they agreed, as I have explained a conspiratorial agreement to you, to work together in furtherance of the unlawful scheme alleged in the indictment, then proof of the existence of the conspiracy is established.

Adapted from the charge of Judge Edward Weinfeld in United States v. Kahaner, Appellant Keogh's Appendix, pp. 778a-80a, aff'd, 317 F.2d 459 (2d Cir.), cert. denied, 375 U.S. 835 (1963), and the charge of Judge William B. Herlands, in United States v. Agueci, pp. 131a-34a of Appellant's Joint Appendix, aff'd, 310 F.2d 817 (2d Cir.) cert. denied, 372 U.S. 959 (1962).

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REQUEST NO. 23

Third Element-Participation in the Conspiracy

Once satisfied that the conspiracy charged existed, you must ask yourself who its members were. In deciding whether a defendant whom you are considering was a member of the conspiracy, you should consider whether on all the evidence, such defendant knowingly and purposely entered the conspiracy.

In determining whether such defendant became a member of the conspiracy, you must determine not only whether he participated in it, but whether he did so with knowledge of its unlawful purpose. Did he join with awareness of at least some of the basic aims and purposes of the conspiracy?

Knowledge is a matter of inference from facts proved. It is not necessary that a defendant be fully informed as to the details of the scope of the conspiracy in order to justify any inference of knowleged on his part. To have guilty knowledge a defendant need not know the full extent of the conspiracy and all of its activities and actors.

I want to caution you that mere association with a conspirator does not make one a member of the conspiracy. Nor is knowledge without participation sufficient. What is necessary is that a defendant participate with knowledge

REQUEST NO. 23 (Cont'd) -2-

Third Element-Participation in the Conspiracy

of at least some of the purposes of the conspiracy and with intent to aid in the accomplishment of those unlawful ends.

United States v. Luccio, 373 F.2d 166 (2d Cir. 1967); Judge Palmieri's charge in United States v. Einstock, 64 Cr. 555 (S.D.N.Y. 1967) pp. 1522-26, Stenographer's Trial Minutes; Judge Murphy's charge in United States v. Duff, 64 Cr. 852 (S.D.N.Y. 1967) pp. 10-11 of Trial Transcript; Judge Palmieri's charge in United States v. Wolfson, 66 Cr. 720.

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REQUEST NO. 25

Extent of Participation Irrelevant

Once you have found the conspiracy to exist and a defendant whom you are considering to have participated knowingly in it, the extent of his participation has no bearing on his guilt or innocence. The guilt of a conspirator is not measured by the extent or the duration of his participation. Even if he participated in it to a degree more limited than that of a co-conspirator, he is equally culpable so long as he was in fact a conspirator.

Adapted from the charge of Judge William B. Herlands in United States v. Agueci, 310 F.2d 317 (2d Cir. 1962), cert. denied, 372 U.S. 959 (1963).

United States v. Marchisio, 344 F.2d 653 (2d Cir. 1965).

REQUEST NO. 25

Liability for Acts and Statements of Co-Conspirators (If Applicable)

When people enter into a conspiracy to accomplish an unlawful end, they become agents for one another in carrying out the conspiracy. Hence, the acts or declarations of one in the course of the conspiracy and in furtherance of the common purpose are deemed to be the acts of all, and all are responsible for such acts.

Accordingly, if you find, in accordance with these instructions, that a conspiracy alleged in the indictment or information to have existed, then acts done and statements and declarations made in furtherance of that conspiracy by a person found by you to have been a member of the conspiracy may be considered against a defendant whom you find to have been a member of the same conspiracy, even though such acts or declarations were made in the absence and without the knowledge of such defendant.

It is important to note that this principle applies only to the acts and declarations done or made during the continuance of the conspiracy and in furtherance thereof, that is, to carry out, an unlawful objective or purpose of the conspiracy.

REQUEST NO. 25 (Cont'd) -2-

Liability for Acts and Statements of Co-conspirators (If Applicable)

It does not apply to acts or declarations which do not have these characteristics.

Adapted from the charge of Judge William B. Herlands in United States v. Aguoci, 310 F.2d 817 (2d Cir. 1962), cert. denied, 372 U.S. (1963).

United States v. Stromberg, 268 F.2d 256 (2d Cir.), cert. denied, 361 U.S. 863 (1959).

United States v. Puccio, 373 F.2d 168 (2d Cir.), cert. denied, 387 U.S. 906 (1967).

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REQUEST NO. 26

Fourth Element: Overt Acts

As I have already mentioned, the fourth essential element of the crime of conspiracy is that an overt act, to effect the object of the conspiracy, be committed by at least one of the co-conspirators.

An overt act is any step, action or conduct which is taken to achieve, accomplish or further the objective of the conspiracy. The purpose of requiring proof of an overt act is that while parties might conspire and agree to violate the law, they may change their minds and do nothing to carry it into effect, in which event it won't constitute an offense.

The overt act need be neither a criminal act, nor the very crime which is the object of the conspiracy.

[The court is requested to read the overt acts of each conspiracy count to the Jury]

With respect to any conspiracy count which you are considering it is not necessary for the Government to prove that each member of the conspiracy committed or participated in any particular overt act specified in such count, since the act of anyone done in furtherance of the conspiracy

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REQUEST NO. 26 (Cont'd) -2-

Fourth Element: Overt Acts

becomes the act of all the other members. Also, the Government is not required to prove each of the overt acts as alleged in the count you are considering. It is sufficient if it proves the commission of at least one overt act in the Southern District of New York, which includes all of Manhattan at or about the time alleged. The overt act need not have occurred at the precise time or place alleged in the count you are considering.

Adapted from the charge of the Honorable Edward Weinfeld in United States v. Bastia, 66 Cr. 296 May 21, 1970. See also, Yates v. United States, 354 U.S. 298, 334 (1957); United States v. Pompiano, 271 F.2d 273, 275 (2d Cir. 1959).

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REQUEST NO. 27

Time of the Conspiracy

While each conspiracy count charges that the conspiracy charged in such count existed from, on or about a particular date and continuously thereafter up to and including another date, it is not essential that the Government prove that the conspiracy started and ended on or about those specific dates.

It is sufficient if you find that in fact a conspiracy was formed and existed for some time within the period set forth in the count you are considering and that at least one of the overt acts was committed in furtherance thereof within that period.

Adapted from United States v. Kahaner, 317 F.2d 459 (2d Cir.), cert. denied, 385 U.S. 836 (1963) (charge of Judge Weinfeld) (Stenographer's minutes at 771a); United States v. Minstock, aff'd sub. nom U.S. v. Schwenoha, 383 F.2d 395 (2d Cir. 1967) (charge of Judge Palmieri) (Stenographer's Minutes at 1552).

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REQUEST NO. 28

Duration of the Conspiracy

A conspiracy, once formed, is presumed to have continued until its objectives are accomplished or there is an affirmative act of termination by its members or it is otherwise terminated, as, for example, by arrest. So too, once a person is found to be a member of a conspiracy, he is presumed to continue his membership until its termination, unless there is affirmative proof offered of withdrawal or disassociation.

United States v. Cirillo, supra, Stenographers Minutes at 989.

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REQUEST NO. 29

Aiding and Abetting

As I have mentioned previously, the defendants are charged in several counts under the aiding and abetting statute. Any person who commits the acts that the aiding and abetting statute declares to be a crime of course commits a crime. It is also a crime, not only to commit the illegal acts to which I have just referred, but also cause a crime to be committed or to aid or abet or procure or induce another person to commit such a crime. That is based on the aiding and abetting statute, which states:

> "Section 2. Principals:
>
> (a) whoever commits an offense against the United States or aids, abets, counsels, commands, induces or procures its comission, is punishable as a principal.
>
> (b) whoever wilfully causes an act to be done which if directly performed by him or another would be an offense against the United States, is punishable as a principal."

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REQUEST NO. 29 (Cont'd) -2-

Aiding and Abetting

Thus anyone who does not commit the offense but who aids or abets an offender or causes an act to be done, which if direclty perfcrmed by him would be an offense against the United States, is a principal, In other words, anyone who shares in the intent of the principal and is wilfully associated with the venture in a way that by his action he wilfully participates or assists in bringing about the ultimate result, is, under this section, in the same position as a principal.

From the charge of Judge Bartels approved in United States v. Wapnick, 335 F.2d 136, 138 (2d Cir. 1966).

Therefore, it is not necessary for a conviction of a defendant on any of the substantive crimes charged in either the indictment or the information that you find that he did every or even any act necessary to complete the offense. Anyone who aided or abetted or procured or induced another person to commit an illegal act or who caused an illegal act to be done, is himself guilty of committing that illegal act.

United States v. Peoni, 100 F.2d 401, 402 (2d Cir. 1938);

United States v. DeJesus, 289 F.2d 37, 40 (2d Cir.), cert. denied, 366 U.S. 963 (1961).

REQUEST NO. 30

Proof of Knowledge and Intent

These questions of knowledge and intent, like all other questions of fact, are solely for you to determine. Medical science as yet has devised no instrument by which you can go back and determine what purpose was in one's mind when he performed certain acts. Rarely is direct proof available that one had knowledge of a fact or intended to bring about a result.

Now and then a person may commit himself in writing, or make a statement in which he concedes that, as of a certain time, he had knowledge of a fact and that he acted with a specific intent to achieve a specific result; but, of course, that is rare and is the exception rather than the rule.

The intent with which an act is done is often more clearly and conclusively shown by the act itself or by a series of acts than by words or explanations of the act long after its occurrence. Frequently, the acts of individuals speak their intentions more clearly than do their words. One may apply the old adage, "Actions speak louder than words."

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REQUEST NO. 30 (Cont'd) -2-

Proof of Knowledge and Intent

Accordingly, intent, wilfulness and knowledge are usually established by surrounding facts and circumstances, as of the time acts occurred, or events took place, and the reasonable inferences to be drawn therefrom. This is referred to as circumstantial evidence. And, if believed, it is acceptable as direct evidence.

You should apply your common sense and draw such reasonable inferences as may be warranted by facts proved to your satisfaction. In determining these issues you may consider any statements made and acts done or omitted to be done, by the accused, together with all other facts and circumstances in evidence which reasonable relate to a determination of state of mind.

See the charge of Judge Weinfeld in United States v. Spears, S.D.N.Y. Record pp. 596-97 aff'd, 297 F.2d 408 (2d Cir. 1962).

Guilty knowledge cannot be established by demonstrating merely negligence or even foolishness on the part of a defendant. However, it is not necessary that the Government prove to a certainty that a defendant whom you are considering knew any given fact or facts. The element of knowledge of a given fact may be satisfied by proof that a defendant acted with reckless disregard of what the truth

REQUEST NO. 30 (Cont'd) -3-

Proof of Knowledge and Intent

was, unless he actually believed the contrary to be true. One may not deliberately close his eyes to what otherwise would have been obvious to him.

In this case, for example, the defendants are all charged in various counts with making false statements, or reports to a bank and overvaluing security in connection with loans. They are also charged with conspiring to committ this offense. How does one go about determining whether a defendant knew that a given fact contained on a statement to a bank was false or that the value of certain security - such as a vessel - was overstated? As I just mentioned this is a matter which may be inferred from other facts. Thus, if an individual was involved in loans on the same vessel at two different banks and factual representation were made in connection with the second loan which were inconsistent with representations made in connection with the first loan and the representation made in connection with the second loan were established to have been false you may infer that such a defendant had knowledge of the false nature of the second representation, or acted in reckless disregard of whether such representation was false. You may infer - if you feel such an inference to be justified - that by not attempting to resolve an inconsistency of this nature,

REQUEST NO. 30 (Cont'd) 4

at the very least a defenant acted in reckless disregard of whether or not a given fact was false.

Similarly, you may infer from a defendant's involvement with a particular vessel, a particular charter or with a particular transaction that he had knowledge of facts relating to that vessel, charter or that transaction.

With respect to Costas Maslas and Paul Katritsis, the Government has contended that they took part in and/or had knowledge of certain improprieties while employed at Tidal Marine. If you find this to have been the case you may infer that when Maslas or Katritsis signed documents which contained misstatements of facts you may infer such misstatements either were done knowingly and deliberately or that Maslas and/or Katritsis acted with reckless disregard of whether such representations were false.

Similarly, if you find that a defendant was aware that misrepresentations were made in connection with certain Tidal Marine transactions you may infer from that fact that a defendant acted in reckless disregard of whether or not a certain fact of a similar nature which he represented in connection with a later Tidal Marine transaction was true or false.

In the case of any particular situation, you may ask yourself did a defendant because of his prior experience and his own knowledge act in reckless disregard of whether or not a given set of facts were false. If you conclude that he did you may infer that he had knowledge of the false nature of such facts.

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REQUEST NO. 30 (Cont'd) -5-

Proof of Knowledge and Intent

United States v. Dozier, F.2d ____ (2d Cir. June 10, 1975); United States v. Joly, 492 F.2d 672, 675 (2d Cir. 1974). United States v. Jacobs, 475 F.2d 270, 287 at n.37 (2d Cir.), cert. denied, sub nom. Lavelle v. United States, 414 U.S. 821 (1973); United States v. Sarantos, 455 F.2d 877, 880-82 (2d Cir. 1972); United States v. Squires, 440 F.2d 859, 864 (2d Cir. 1971).

REQUEST NO. 31

Similar Acts

The Government has introduced evidence of similar acts and transactions by the defendants not charged in the indictment or information.

The Government contends that from various similar acts alleged during this trial, in addition to the acts charged in the indictment and information, you may infer that the defendants knew the activities they engaged in were fraudulent.

The similar acts alleged by the Government, if you find they occurred, may be considered by you in determining whether a defendant whom you are considering had the requisite knowledge and intent with respect to the crimes in the indictment or information.

United States v. Mazzoch, 424 F.2d 49 (2d Cir. 1970); United States v. Deaton, 381 F.2d 114 (2d Cir. 1967).

A-1033

REQUEST NO. 32

Accomplice Testimony

The Government called certain witnesses at trial who by their testimony admitted that they were accomplices in the crimes charged against the defendants on trial.

In the prosecution of crime the Government is often called upon to use witnesses who are accomplices in the commission of the crime itself. The Government frequently must use such testimony because otherwise it would be difficult or impossible to detect or prosecute wrongdoers.

The testimony of an accomplice is not to be rejected unless the jury thinks it has no weight. If accomplices could not be used, there are many cases where there is real guilt and where convictions should be had, where convictions would not be obtainable. Their evidence is properly considered by the jury. Their testimony must, however, be received with caution and weighed with care.

It is the universal rule in the federal courts that a defendant may be convicted on the uncorroborated testimony of an accomplice. However, it should be pointed out that the Government here does contend it has

REQUEST NO. 32 (Continued) -2-

Accomplice Testimony

offered corroboration and independent proof from other witnesses, and by way of documents and records.

(Adopted from the charge of Judge Lasker in United States v. Projansky et al., (S.D.N.Y. 1971); charge of Judge Weinfeld in United States v. Norma Hill, (S.D.N.Y., 1967); charge approved in Silkworth v. United States, 10 F.2d 711 (2d Cir. 1926).)

REQUEST NO. 33

Defendant's Interest -- Requested Only if a Defendant Testified

The greater a person's interest in a case, the stronger the temptation to testify falsely. The interest of a defendant who takes the stand is of a character possessed by no other witness. Clearly he has a vital interest in the outcome of the case. This interest is one of the matters you may consider along with all the other attendant circumstances in determining the credibility of a defendant who has testified. Here again, you may find the defendant is telling the truth despite his obvious interest in the outcome, but you may consider the temptation to testify falsely in evaluating his believability.

United States v. Sullivan, 329 F.2d 755, 756-57 (2d Cir.), cert. denied, 377 U.S. 1005 (1964); United States v. Rosenberg, 195 F.2d 583 (2d Cir.), cert. denied, 344 U.S. 838 (1952).

REQUEST NO. 34

Character Evidence

(Requested only if Defendant calls Character Witnesses.)

Now, there has been testimony here to the previous good character of a defendant(s). You should consider such evidence of character together with all the other facts and all the other evidence in the case in determining the guilt or innocence of such defendant. Evidence of good character may in itself create a reasonable doubt where without such evidence no reasonable doubt would have existed. But if on all the evidence you are satisfied beyond a reasonable doubt that a defendant is guilty, a showing that he had previously enjoyed a reputation of good character does not justify or excuse the offense and you should not acquit the defendant merely because you believe he is a person of good repute.

United States v. Kabot, 295 F.2d 848, 855 n.1 (2d Cir. 1961), cert. denied, 369 U.S. 803 (1962); approval continued in United States v. Birnbaum, 337 F.2d 490, 498-49 ' (2d Cir. 1964).

It may be that those with whom a defendant came into contact previously were misled and that the defendant did not reveal to them his true character.

From United States v. Kabot, loc. cit. supra; see United States v. Birnbaum, loc. cit. supra.

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REQUEST NO. 34 (Continued) -2-

Character Evidence

The testimony of a character witness is not to be taken by you as the witness's opinion as to the guilt or innocence of a defendant is for you--and you alone-- to determine.

From the charge in United States v. Hiss, Trial Record, p. 3266; aff'd 185 F.2d 822 (2d Cir.), cert. denied, 340 U.S. 948 (1951).

M-1633

REQUEST NO. 35

Defend[illegible]t's Admissions
([illegible] Applicable)

Admissions of a defendant are among the most effective proofs in the law, and constitute the strongest evidence against the party making it that can be given of the facts stated in the admissions. Accordingly, you are entitled to give great weight to a defendant's admissions in this case.

Wilson v. United States, 162 U.S. 613, 622 (1396).

In this connection you have heard that the defendant Costas Naslas made certain statements in interviews in the United States Attorneys office. If you find that the defendant Costas Naslas did make the statements, you may give them such weight as you believe they deserve after considering all the circumstances which were brought out in the evidence.

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REQUEST NO. 36

Miscellaneous Requests

In addition to the foregoing, the Government respectfully requests the Court to include the following customary charges:

A. Direct and circumstantial evidence

B. Reasonable doubt

C. Jury's right to see exhibits

D. Jury's recollection of facts controls

E. Expert testimony

F. Unanimous verdict

G. Burden of proof

H. Function of Court and Jury

I. Credibility of witnesses

J. Punishment

K. Oath as Jurors

L. Sympathy

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M-1033

Respectfully submitted,

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MM:slc
M-1687

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA	:	
- v -	:	75 Cr. 515 (MP) 75 Cr. 1176 (MP)
JAMES D. HANLON, COSTAS NASLAS and PAUL KATRITSIS,	:	
Defendants.	:	

GOVERNMENT'S SUPPLEMENTAL
REQUESTS TO CHARGE

The Government respectfully requests the Court to include the following in its charge to the jury:

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SUPPLEMENTAL REQUEST NO. 1

False Exculpatory Statements

There has been testimony that the defendant Costas Naslas made statements in an interview at the United States Attorney's Office which tended to show that he was innocent. There has also been testimony and documentary evidence that these statements were false.

There has also been testimony that the defendant James D. Hanlon made false statements to one of his law partners to the effect that he did not have an ownership interest in any Tidal Marine vessels. There has been evidence that Hanlon had an ownership interest in a vessel named the Aquario and that, therefore, this statement was false.

I charge you that exculpatory statements, when shown to be false, are circumstantial evidence of a defendant's consciousness of his guilt and as such have independent probative force.

United States v. Smolin, 182 F.2d 782, 786 (2d Cir. 1950); United States v. DeAlesandro, 361 F.2d 694, 697-98 (2d Cir.), cert. denied, 385 U.S. 842 (1966); United States v. Tropiano, 418 F.2d 1069, 1081 (2d Cir. 1969).

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SUPPLEMENTAL REQUEST NO. 2

False Statements or Reports

The provisions of Section 1014 cover all false statements the purpose of which is to influence in any way the action of a federally insured bank on a loan or a commitment to make a loan. By its terms the statute would even cover false statements made after the bank had made a loan. United States v. Baity, 489 F.2d 256 (5th Cir. 1973).

In this case the false statements were made after the loan committee at the National Bank of North America had approved the loans but prior to the times such loans were actually made. Consequently, the statements charged in the indictment are within the scope of the statute. Moreover, I charge you that statements made to a lawyer representing the bank in connection with a given loan are covered by the statutory language so long as the statement was intended to influence in any way the bank's action.

In addition, since actual reliance on the false statement by the bank is not an element of this offense, United States v. Sabatino, 485 F.2d 540 (2d Cir. 1973), cert. denied, 415 U.S. 948 the fact that one or more of the bank's officers may have known that a statement made in connection with a loan was false may not influence your decision on any count.

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Respectfully submitted,

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